

# The Revised USQS: A Primer for P/C Actuaries



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# Agenda

- The Web of Professionalism and the Place of the USQS
- U.S. Qualification Standards Amendments
  - ▣ Definition of “Actuary” in Section 1
  - ▣ Basic Education in Section 2.1
  - ▣ Subject Area Knowledge in Section 2.1 (d)
  - ▣ Recognitions of the General Insurance Track I Section 3.1.1.2
  - ▣ Bias Topics CE—New Requirement in Section 2.2.6
  - ▣ Enrolled Actuaries (EA) in Section 2.1.1
- Continuing Education Tracking Best Practices
- Professionalism Challenge
- Q&A



# The Web of Professionalism



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# Web of Professionalism: Basis of Self-Regulation



- Code of Professional Conduct
- U.S. Qualification Standards (USQS)
- Actuarial standards of practice (ASOPs)
- Counseling and discipline

# Rooted in Precept 2

- **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.” *[emphasis added]*
- “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.” *[emphasis added]* (Annotation 2-1)



# USQS: General Structure

- Section 1, Introduction (including definitions)
- Section 2, General Qualification Standard
  - Section 2.1, Basic Education and Experience Requirement
  - Section 2.2, Continuing Education Requirement
- Section 3, Specific Qualification Standards (when necessary)
- Section 4, Changes in Practice and Application (general and specific)
- Section 5, Acknowledgement of Qualification (suggested language)
- Section 6, Recordkeeping Requirements



## U.S. Qualification Standards

The U.S. Qualification Standards were revised effective Jan. 1, 2022, to broaden their scope and strengthen the CE requirements. The standards were developed by the Academy Committee on Qualifications and approved by the Board of Directors.

New USQS

**U.S. Qualification Standards**  
(in effect as of Jan. 1, 2022)

**FAQs on the U.S. Qualification Standards**

**"Which CE Requirements Apply to Me?"** infographic applicable to 2022 USQS  
(March 2022)

Ask a question

**Submitting Additional Questions**  
(use the online form to submit your additional questions about the U.S. Qualification Standards)

FAQs



Actuarial Board  
for Counseling  
and Discipline



Actuarial  
Standards Board

### QUICK LINKS

- Code of Professional Conduct
- U.S. Qualification Standards



# Definition of Statement of Actuarial Opinion (SAO)

- SAO is defined in Section 1
  - An opinion expressed by an actuary performing Actuarial Services; and
  - Intended to be relied upon by the person or organization to which the opinion is addressed
- Actuarial Services
  - Defined in the Code of Professional Conduct
  - Professional services provided to a Principal (client or employer) by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations



# Definition of Actuary

- 2008 USQS Section 1 footnote

The word “actuary” as used herein means an actuary who is a member of the Academy, American Society of Pension Professionals and Actuaries (ASPPA), the Casualty Actuarial Society (CAS), the Conference of Consulting Actuaries (CCA), the Society of Actuaries (SOA), or a member of any actuarial organization that is not U.S.-based but requires its members to meet the Qualification Standards when practicing in the United States.

- 2022 USQS

Members of U.S.-based organizations that have adopted the Code of Professional Conduct, whether or not they are also members of the Academy, are subject to all requirements imposed by the USQS.



# Basic Education—Section 2.1(a)

- This section was modified from the 2008 USQS to focus on education (i.e., designation) instead of membership in an organization.
- 2008 USQS
  - “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;”
- 2022 USQS
  - Have achieved a designation from SOA, CAS or achieved EA; or
  - For all others: Have achieved membership in the Academy
    - Provides a vetting process for actuaries that have not received an SOA, CAS, or EA designation (primarily non-U.S. actuaries).



# Subject Area Knowledge

- Section 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, an actuary must meet either (1) or (2) below with respect to the particular subject of the Statement of Actuarial Opinion:”
- Area of practice and particular subject area within an area of practice
  - Think broadly rather than narrowly when considering particular subject area within an area of practice



# Subject Area Knowledge

- Section 2.1.(d)
  - “(1) Attained fellowship in the CAS or SOA, or attained the highest possible actuarial designation of a non-U.S. actuarial organization. In addition, meet one of the following:” *(See Next Slide)*
  - “(2) Have a minimum of three years of responsible actuarial experience in the particular subject relevant to the SAO under the review of an actuary who was qualified to issue the SAO at the time the review took place under the USQS in effect at that time.”



# Subject Area Knowledge

- Section 2.1.(d) (1)
  - i. “Successfully completed education relevant to the subject of the SAO. Such education may have been obtained in attaining the fellowship designation or highest possible designation of a non-U.S. actuarial organization, or by completing additional education relevant to the subject of the SAO; or
  - ii. Have a minimum of one year of responsible actuarial experience in the particular subject relevant to the SAO under the review of an actuary who was qualified to issue the SAO at the time the review took place under the USQS in effect at that time.”



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# Recognition of the General Insurance Track

- Section 3.1.1.2
  - Statement of Actuarial Opinion, NAIC Property and Casualty Annual Statement — 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: (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.



# CE Requirements—Goals

- Goal is to remain current on emerging advancements relevant to
  - ▣ The services we provide
  - ▣ Related disciplines





# CE Requirements—Relevance

- CE is relevant if it...
  - ▣ Broadens or deepens our understanding,
  - ▣ Expands our knowledge of practice in related disciplines, or
  - ▣ Facilitates entry into new areas
- Relevance is a good-faith determination



# CE Requirements

- Annual CE requirement: Complete and document 30 hours of relevant CE
  - At least 3 hours on professionalism topics
  - At least 1 hour on bias topics
  - At least 6 hours of organized activities
  - General Business topics limited to 3 hours
- Professionalism: Studying, reviewing the Code or ASOPs, providing input on exposure drafts, etc.
- Organized activities: Interactions with other actuaries or other professionals working for different organizations



# 2022 USQS On Bias

2.2.6 [in part]:

b) “Bias topics include content that provides knowledge and perspective that assist in identifying and assessing biases in data, assumptions, algorithms, and models that impact Actuarial Services.”



# Bias and Actuarial Services

- Bias and DE&I can be overlapping topics.
- Bias is more directly relevant to actuarial services.
- Types of bias relevant to actuaries
  - ▣ Racial, gender identity, socio-economic status
  - ▣ Anchoring, hind-sight, confirmation
  - ▣ Conscious and unconscious



# Bias and Actuarial Services

- Actuaries are traditionally trained in risk classification, selection, underwriting, etc.
- Our principals and the public...
  - Value our objectivity, and
  - Expect us to be able to identify bias in assumptions, algorithms, models
- New and emerging relevance and demands on us stemming from
  - Big data
  - Artificial intelligence (AI)
  - Evolving regulatory and societal expectations of financial systems, products, and services



# EAs and the USQS—Two Topics

- Basic education and experience
- Continuing education



# CE Tracking

## Best practices for your CE log

Ken Williams, FCAS, MAAA

Staff Actuary – Casualty Actuarial Society



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# USQS CE requirements

- General Requirements
  - 30 hours of CE per year
  - At least 3 hours need to be professionalism topics
  - At least 1 hour needs to be a Bias Topic
  - At least 6 hours need to be Organized Activity
  - No more than 3 hours can be general business skills
- Specific Requirements (in addition to above)
  - 15 hours of CE per year must be on specific topics
  - 6 of the 15 above hours must be organized





# CE requirements

- Required Fields (USQS 6.1)
  - ▣ Date of CE education
  - ▣ Hours obtained (50 minutes = 1 hour)
  - ▣ Brief description of the subject matter
  - ▣ If CE meets specific qualification standard
  - ▣ If meet organized requirements
  - ▣ If meet bias, professionalism, and/or business skills requirement



# CE requirements

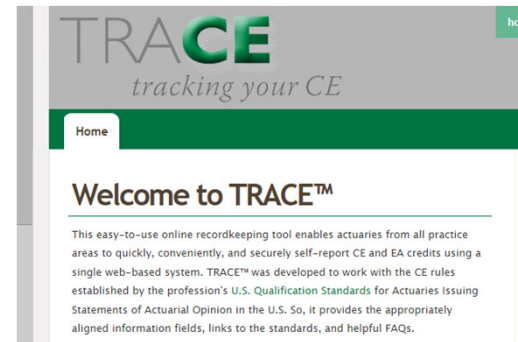

- No prescribed CE logging requirement
  - ▣ CAS has optional excel logging tool
  - ▣ Academy offers the TraCE Tool
  - ▣ USQS has an example in appendix 5

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

Property & Casualty Actuary - Appointed Actuary Continuing Education Log							Category			USQS Requirements		TOTAL CE Earned
To be used for 2022 Continuing Education to meet new US Qualification Standards to practice in 2023							Total CE	At least 30		0.0		0.0
Name: REQUIRED							Organized	At least 6		0.0		0.0
e-mail: REQUIRED							Professionalism	At least 3		0.0		0.0
phone: REQUIRED IF							Bias Topics	At least 1		0.0		0.0
CE Year: AutoFill							General Business	No more than 3		0.0		0.0
Attestation Type: General Qualification Standard							Specific CE	At least 15		0.0		0.0
							Specific Organized CE	At least 6		0.0		0.0

Date of Continuing Education (1)	Continuing Education Title (2)	Continuing Education Description (3)	Event Name (4)	Time Spent (Minutes) (5)	CE Credits (6)	Organized / Other (7)	Continuing Education Type (8)	Bias Topic (9)	Does this meet USQS Specific Education Requirements under section 3.3 (10)	ADDITIONAL NOTES (11)
REQUIRED	REQUIRED	OPTIONAL. USQS requires a brief description of the event.	OPTIONAL. Set if CE was part of a larger event (i.e., Annual Meeting).	REQUIRED	AutoFill (this cell will fill based on (5))	REQUIRED	REQUIRED	REQUIRED	REQUIRED	Optional

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# CE requirements

- Records should be maintained for at least 6 years beyond the year to which the records are applicable
  - (i.e., CE records for 2021, which apply for 2022 SOAs, should be kept until the end of year 2028)
- Excess hours can be rolled forward for up to one year
  - CE earned in 2022 can be used for 2023 **or** 2024 attestation.
- Separate National Association of Insurance Commissioners (NAIC) required fields for appointed actuaries no longer needed for 2022 CE logs.



# CE requirements

- ❑ One session can cover multiple subcategories (professionalism, organized, bias)
- ❑ Only 6 hours must be organized, the other 24 hours can come from self-study.
- ❑ Professionalism and bias training to do not have to be organized.
- ❑ Professionalism CE should relate to applicable professionalism documents (Code of Conduct, USQS, Actuarial Standards of Practice (ASOPs))



# Common issues with CE logs

- Listing a whole meeting in one line
  - (e.g., CLRS – 15 hours)
- Not including topic of CE
  - (e.g., reading Variance)
- Professionalism topics that are not professionalism
  - (e.g., not relatable to CoC, USQS, or applicable ASOPs)
- Company meetings as organized
  - Only the portion by an outside speaker should be organized
- “Relevant” education
  - How does this CE make you a better Actuary?
- Software training – where does it fit?



# Save the Date

American Academy of Actuaries  
Annual Meeting 2022

Nov. 2–3  
Marriott at Metro Center  
Washington, D.C.

