**Life Actuarial (A) Task Force/ Health Actuarial (B) Task Force**

**Amendment Proposal Form\***

1. Identify yourself, your affiliation, and a very brief description (title) of the issue.

 **Identification:**

Rachel Hemphill, PhD, FSA, FCAS, MAAA

 **Title of the Issue:**

Qualified Actuaries should meet the special qualification standards, in addition to Appointed Actuaries.

2. Identify the document, including the date if the document is “released for comment,” and the location in the document where the amendment is proposed:

VM-01 definition of “Qualified Actuary”

January 1, 2024 NAIC Valuation Manual

3. Show what changes are needed by providing a red-line version of the original verbiage with deletions and identify the verbiage to be deleted, inserted, or changed by providing a red-line (turn on “track changes” in Word®) version of the verbiage. (You may do this through an attachment.)

**VM-01 definition of “Qualified Actuary”:**

* The term “qualified actuary” means an individual who is qualified to sign the applicable statement of actuarial opinion in accordance with the Academy qualification standards for actuaries signing such statements and who meets the requirements specified in the Valuation Manual.

A qualified actuary must meet the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Life, Accident & Health, and Fraternal Annual Statement, as set forth in the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* (U.S. Qualifications Standards), promulgated by the Academy. An individual qualified actuary must be qualified only with respect to the area(s) that they are providing a certification and/or opinion. For example, if there are separate life and variable annuity qualified actuaries providing the relevant certifications for VM-20 and VM-21, they each need to be qualified only in their own respective area.

4. State the reason for the proposed amendment? (You may do this through an attachment.)

For reference, the Model 820 Definition of qualified actuary is:

* The term “qualified actuary” means an individual who is qualified to sign the applicable statement of actuarial opinion in accordance with the American Academy of Actuaries qualification standards for actuaries signing such statements and who meets the requirements specified in the valuation manual.

Currently, the VM-01 definition of qualified actuary just reiterates that definition. But, as Model 820 specifically calls out “who meets the requirements specified in the valuation manual” adding the specific language is consistent with Model 820.

It is surprising that this is not already the requirement. The complexity of PBR and the reliance on the PBR actuary calls for this requirement, but the United States Qualification Standard (USQS) currently only requires the specific qualification standard for an appointed actuary, not a qualified actuary. The American Academy of Actuaries noted the USQS states that the NAIC or individual states may have additional requirements. So, a change to the Valuation Manual is needed to ensure PBR actuaries have the 15 hours of specific continuing education and the more detailed basic education (which can be based on exams or self-study). While most qualified actuaries likely already are satisfying this requirement and some may have interpreted this as the current requirement (and some serve as appointed actuaries as well), this clarification is important where regulators have identified some companies whose qualified actuaries are not as knowledgeable as they need to be. This change will be consistent with feedback given by regulators to those qualified actuaries regarding ongoing education.

Similarly, VM-30 allows the appointed actuary to rely on memoranda that are prepared and signed by actuaries that are “qualified actuary within the meaning of the VM-01 definition thereof, with respect to the areas covered in such memoranda”.

Specific sections of the USQS are included below; note that all included topics are broadly applicable to PBR qualified actuaries and actuaries that the appointed actuary is relying on for sections of their own memoranda, as well as appointed actuaries. Therefore, while we have revised the edits to reflect that “individual qualified actuary only must be qualified with respect to the area(s) that they are providing a certification and/or opinion” to absolutely ensure that no actuary is being held responsible for areas outside the scope of their work, this may be unnecessary due to the broad applicability of the general topic areas required by the specific qualification standard.

For reference, Section 3.1.1.1 of the USQS regarding Specific Qualification Standard basic education requirement:

An actuary should successfully complete relevant examinations administered by the American Academy of Actuaries or the Society of Actuaries on the following topics: (a) policy forms and coverages, (b) dividends and reinsurance, (c) investments and valuations of assets and the relationship between cash flows from assets and related liabilities, (d) statutory insurance accounting, (e) valuation of liabilities, and (f) valuation and nonforfeiture laws.

For reference, Section 3.1.2 of the USQS regarding Specific Qualification Standard basic education requirement being satisfied through self-study:

An actuary may also satisfy this 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. This statement must indicate that the writer is familiar with an actuary’s professional history and that an actuary has obtained sufficient alternative education to satisfy the basic education requirement for the specific qualification standard. A sample statement appears in appendix 2. This statement should be obtained before an actuary issues a Statement of Actuarial Opinion and should be retained by the actuary.

For reference, Section 3.3 of the USQS regarding Specific Qualification Standard continuing education requirement:

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. Hours that satisfy the continuing education requirement of the Specific Qualification Standards may also be used to satisfy the continuing education requirement of the General Qualification Standard. Hours of continuing education in excess of the annual requirement may be carried forward one year.

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| **Dates:** Received | Reviewed by Staff | Distributed | Considered |
| 12/08/2023, 3/18/24 | K.K, S.O. |  |  |
| **Notes:** 2024-01 |