**Background**

In 2018, CASTF accepted the qualified actuary continuing competence verification process proposal put forth by the CAS and SOA joint task force. This report from the CAS and SOA joint task force updates CASTF on the continued work of the CAS and SOA in developing procedures to implement the proposal.

We welcome CASTF’s thoughts, suggestions and guidance regarding the details outlined in this report. Our aim is to implement a process for recording continuing education (CE), and an annual NAIC report containing both qualitative and quantitative information, that will be useful to the NAIC in assessing CE for qualified actuaries.

CASTF’s related 2019 charge directs CASTF:

“identify 1) whether the P/C Appointed Actuaries' logs of continuing education (CE) should contain any particular categorization to assist regulatory review; 2) what types of learning P/C Appointed Actuaries are using to meet CE requirements for "Specific Qualification Standards" today; and 3) whether more specificity should be added to the P/C Appointed Actuaries' CE requirements to ensure CE is aligned with the educational needs for a P/C Appointed Actuary.”

**Qualified Actuary CE Categorization**

For Year 1, the CAS and SOA will review to the current. 3.1.1.2 definition categories. Going forward we believe it is logical to refer to the 91 knowledge statements list that was methodically developed in 2018, per the NAIC’s oversight, for a P/C education program. The joint task force refined the list to apply to CE by removing subcategories that were suited specifically to basic education, and adding several additional categories that were appropriate to obtain through CE. Below is the resulting list of CE categories showing the joint task force’s: 1) removal of certain categories reflected by strike throughs; 2) addition of categories for CE (highlighted in yellow); and 3) thought processes (provided in CAPS).

1. Law/Regulation [NO SUBDOMAINS - SUBCATEGORIES LISTED FOR BASIC EDUCATION TOO DETAILED/NOT MEANINGFUL FOR CONTINUING EDUCATION – continuing education will most likely incorporate law/regulation INTO other topics or conversations on law/regulation in day to day work]
2. Policy form/coverage/underwriting/marketing (KEEP AS A SINGLE DOMAIN - WHEN TALKING ABOUT NEW/EVOLVING COVERAGES WILL COVER MANY OF THESE WITHIN A SINGLE SESSION)

* Form/Coverage
* Premium rates/Ratemaking (NEW)
* Underwriting and/or marketing
* ~~Insurer Decisions including U/W or marketing (~~DUPLICATIVE with prior category)

1. Reinsurance

* ~~Reinsurance terminology (~~DELETE – basic education)
* Statutory accounting
* Reinsurance collectability
* Reinsurance collateral ~~and collectability (~~DUPLICATIVE with prior category – broadening)
* Reinsurance reserving

1. Reserves

* Reserving Data
* ~~Data or~~ Reserving Adjustments (DUPLICATIVE with prior category -broadening)
* Reserving Calculations
* Reserving Analysis
* Statutory accounting

1. Requirements & Practice Notes

* Annual Statement Instructions
* ~~Annual Statement Instructions and/or Academy or ASB~~ (TOO REFINED)
* ~~Annual Statement Instructions and/or Academy or ASB (Significant, Material)~~ (TOO REFINED)
* ~~Academy or ASB (Materiality)~~ (TOO REFINED)
* ~~Academy or ASB (Users)~~ (TOO REFINED)
* ~~Academy or ASB (Outside of Area of Expertise)~~ (TOO REFINED)
* ~~Academy or ASB (Practice Note)~~ (TOO REFINED)
* Practice Notes, ASOPs, etc. ~~Academy or ASB~~ (REWORDED TO FIT CONTINUING EDUCATION)
* Statutory Accounting
* Solvency Calculations
* Company-specific

1. Business skills (NONE)

OTHER CE that should be tracked (may be INSIDE or OUTSIDE the specific requirements of 3.1.1.2)

1. Risk management
2. Emerging Issues
3. Accounting other than Statutory accounting
4. Analytics
5. Modeling
6. Professionalism

The CAS and SOA will add a note to the qualified actuary CE collection form that it covers BOTH general (2.2) and specific continuing education standards (3.3) as a qualified actuary must meet BOTH of those requirements.

**Review Scope & Procedures**

For the yearly report to be presented to the NAIC, the CAS and SOA will review a portion of CE filers. Below is a rough sketch of the review process, with the details currently being developed:

Rough process:

* Summary spreadsheet will be sufficient documentation; if there are concerns the reviewers will contact the submitter.
* Spreadsheets will be reviewed to ensure they meet the “basics” – 30 hours, at least 6 organized, at least 3 professionalism, no more than 3 business skills, 15 hours in topics that meet the specific qualification requirement with at least 6 that are organized on a relevant topic
* Titles will be reviewed – if they are “clearly CE” – e.g. session sponsored by a “major” organization, employer sponsored with clearly recognized speakers, self-study on a recognized topic, e.g. “read new regulation on XYZ plus guidance from ABC accounting firm for 2 hours” then it would be deemed OK.
* Make sure for specific qualification standard – have 15 hours checked in one of the current 3.1.1.2 topics. Ensure title of sessions meets 3.1.1.2 topic checked.
* NOTIFY individuals they are being reviewed before the review starts (and give them an opportunity to submit additional information if they believe it would be helpful for the review)

For Year 1: The CAS and SOA would review to the current USQS 3.1.1.2 definition. Going forward, the review will be to the revised categories accepted by CASTF.

CASTF may consider requesting the American Academy of Actuaries update the topic list in 3.1.1.2 once the categories for CE are finalized.

**Public reporting**

The CAS and SOA would disclose in their respective public membership directories so that someone could look to see if a specific individual had attested to meeting the continuing education requirements for purposes of signing the annual statement.

The CAS and SOA will work on common language to be used by both organizations for both attestation and disclosure … “e.g. meets the continuing education requirements of section 3.3. of the USQS for purposes of making an SAO in filing the NAIC P/C statement.”

**NAIC Reporting & Analysis**

The CAS and SOA will separately compile the data from our respective organizations for review. After anonymizing the data, the CAS and SOA will combine the information at the aggregate level for a joint report to the NAIC.

It is anticipated that the report content will contain both qualitative and quantitative information, including:

* Number of individuals who have attested compliance, number of filers reviewed and basics on the review (what we reviewed, how many passed, any concerns flagged, common pitfalls)
* Basic report on how people are earning their CE – illustrative. These are the topics we anticipate looking at:
  + By DOMAIN (e.g. 3.1.1.2 or the new topic list)
  + Organized vs. self-study
  + Employer vs. other providers. Actuarial organizations vs. other providers (? Accounting firms)
  + Of the 15 hours for the specific qualification standard – how many get more than 15, how much of this is organized (beyond the 6-hour minimum),
  + By event (e.g. major seminars/meetings)
* Recommendations – areas we would recommend addressed/changes in CE.

**Requiring Qualified Actuary CE Attestation**

The joint task force believes it is logical, and preferable, to include the requirement for a qualified actuary to attest to CE in the NAIC P/C Actuarial Opinion Instruction; inclusion in the instructions will make it clear that the attestation is a regulatory requirement. Accordingly, we respectively request CASTF consider revising the instruction to include the CE attestation requirement. Should there be insufficient time at the NAIC to process a revision to the instruction in 2019, insertion into the instruction’s guidance could be utilized until the instructions are modified to include the requirement.

Once CASTF has confirmed the process outlined in this report, the CAS and the SOA will work together to craft a joint communication regarding the new requirement for qualified actuaries to be disseminated to our respective members.