



# SOCIETY OF ACTUARIES

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September 15, 2014

By email c/o Kris [DeFrain@naic.org](mailto:DeFrain@naic.org)

Mr. Richard Piazza, ACAS, MAAA  
Chair, Casualty Actuarial and Statistical (C) Task Force  
c/o Ms. Kris DeFrain, FCAS, CPCU, MAAA  
National Association of Insurance Commissioners

RE: CASTF Proposed Plan pertaining to SOA Fellows signing Property/Casualty Statements of Opinion

Dear Mr. Piazza:

The Society of Actuaries (SOA) appreciates the Casualty Actuarial Task Force's (CASTF) efforts to move forward on its charge to make a recommendation by July 1, 2015 regarding the ability of SOA Fellows who meet the US Qualification Standards to sign regulatory actuarial opinions for NAIC property/casualty annual statements (statements). The circulated plan includes the gathering of a significant amount of information to keep on track with this directive. To follow is our commentary on the items related to the plan.

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An analysis of the extensive exam related information listed in the plan is vital for a thorough and comprehensive review of the SOA's General Insurance (GI) Track. The SOA supports the inclusion of a significant number of the items called for in the plan and we are committed to providing this information to CASTF, although we do have concerns with several aspects of the plan.

*The plan appropriately calls for the review of numerous exam-related materials necessary for a thorough analysis (Items 1, 2, 3, 5, 6 & 8).*

The SOA is fully supportive of requiring the gathering of numerous items related to exams from the SOA and we will ensure that the task force receives all the requested documentation. Reviewing this material is essential for CASTF to achieve a thorough understanding of the detailed coverage of the critical learning objectives included in the SOA GI Track, as well as the depth and rigor with which we've approached the development of the track. Further, this information is necessary for a comprehensive mapping of the SOA GI Track to the US Qualification Standards. The SOA has the utmost confidence in the high quality of our GI Track and we look forward to furnishing the documentation requested in the items listed above.

*An independent review provides objectivity and the SOA stands ready to assist in funding (Item 4).*

The common aim of all parties is to ensure that the SOA's pathway properly evaluates whether an individual has met the high standards necessary for signing statements. An independent review of the SOA GI Track and the CAS Track, and how they compare to each other and the US Qualification Standards, is instrumental in achieving this goal for a couple of reasons. A truly independent review would provide an objectivity that would be beneficial. Undertaking an independent review would be constructive in assuring there is no bias in evaluation. The SOA, as previously mentioned in prior discussions, stands ready to assist in the funding of an independent and objective study.

*Clarification requested on candidate demographics and employer information (Item 7).*

The charge before the task force is to determine whether the SOA GI Track properly assesses if a candidate has the essential knowledge to sign statements. To aid in this review the plan calls for the gathering of numerous exam related materials clearly aligned with this directive; however, the plan also calls for obtaining information on candidates sitting and passing exams, candidate demographics, and employer information. We would appreciate further discussion to aid us in understanding how this information will provide additional insight into the SOA GI Track as our aim is to provide the task force with all the documentation necessary for a complete analysis. At present, we do not see how this information will be useful in assessing the educational quality of the track. We do note that there are likely to be privacy concerns because it is understood by candidates that their information is to be kept confidential unless they tell us it can be divulged publically. A certain level of candidate-related information can likely only be provided in summary form once we understand how this information will be of benefit in assessing the educational quality of the SOA GI Track.

*Obtaining information on Casualty Practice Council (CPC) methodology for evaluating qualifications (Item 9).*

It is proposed that CASTF should review the CPC's methodology for evaluating the qualifications of individual actuaries to sign statements. This seems appropriate to the extent that it may help CASTF understand how the CPC has construed the specific qualifications as set forth in the US Qualification Standards, and it may help CASTF appreciate the limitations of that process and the burdens it imposes on an actuary seeking to be deemed "qualified" to sign statements.

We have noted, however, that some interested parties and members of CASTF may view the CPC qualification process as an appropriate requirement for all SOA Fellows completing the SOA GI Track on an ongoing or indefinite basis. We believe that suggestion is both logically flawed and fundamentally unfair to actuaries who are choosing to pursue their property/casualty education through the SOA.

If the CPC is asked to evaluate whether an actuary completing the SOA's GI Track has met the basic education requirements for signing statements, that evaluation would need to be undertaken only once by the CPC—when the first such actuary comes before the CPC. Once the CPC has determined that an actuary successfully completing the SOA's GI track has satisfied the basic education requirements, it becomes unnecessary and redundant for the CPC to ask the same question again for subsequent SOA Fellows who have completed the same track; it would already have determined that the SOA GI track is an acceptable pathway to satisfying the basic education requirements.

Richard Piazza  
September 5, 2014

Following a CPC determination that the SOA GI Track appropriately tests for the basic education requirements, any required CPC review of subsequent SOA Fellows before the CPC would no longer be about the SOA's education pathway, but solely about the work experience and continuing education experience of the individual practitioner. There is no logical basis for requiring such a review for practitioners who have followed another acceptable pathway. CAS members—even those who have attained only an Associate designation—are allowed to self-certify that they have satisfied all the qualification requirements. Imposing additional standing requirements and burdens on actuaries who have completed the SOA's GI Fellowship track would be arbitrary, unfair and anticompetitive.

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There are two distinct issues that are not related to the accumulation of delineated items called for in the proposed plan. One calls for a discussion on enhanced qualifications, which is more appropriate for a separate review. The other issue entails adding the review of exam writers and graders to the proposed plan, without providing a methodology to carry out such an assessment.

*Enhanced US Qualification Standards—more suitable for separate discussion (portion of Item 2 & detailed in appendix following proposed plan).*

The proposed plan references consideration of enhancing the current US Qualification Standards and includes suggestions in an appendix following the itemized plan. We have no concerns with CASTF considering refinements to the current US Qualification Standards, but it should be noted that this could evolve into a prolonged discussion involving many topics unrelated to the SOA's GI Track. Accordingly, it should be distinct from the SOA-related charge in front of CASTF as it would almost certainly delay reaching a conclusion on the specific SOA issue with which the task force has been charged. A separate analysis would also ensure that the subject is afforded its proper due. We would certainly look forward to offering our input on this issue in a bifurcated evaluation.

*Evaluation of exam-related processes is proper analysis—review of individuals writing and grading exams is unwarranted.*

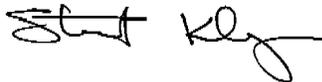
There has been a suggestion to add to the plan an analysis of the individuals writing and grading the SOA's exams. The proponents of this addition do not provide any detail on how this analysis would be carried out or the standards by which an assessment of fitness would be made. Certainly, the exam questions and model solutions speak for themselves as they would for any organization administering a GI track; however, should CASTF decide that this is a factor to be added to the plan, the proper evaluation would be to compare the SOA process for writing and grading of exams with the CAS process (or with other recognized processes), just as the plan calls for mapping the SOA learning objectives to the CAS objectives. The key is to evaluate the quality of the SOA and CAS methods for developing questions and measuring the appropriateness of the answers. Comparing the number of graders between programs is irrelevant and misleading, although the SOA can assure the task force that there is an ample number of writers and graders for the number of candidates currently in the SOA system. The SOA is proud of the processes we have in place. They are administered, as they have been for many decades, by a highly experienced and skilled group dedicated to ascertaining if a candidate has truly mastered the material and can apply it in practice.

Richard Piazza  
September 5, 2014

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In conclusion, we appreciate CASTF's continued efforts on the SOA charge and we look forward to providing any necessary additional information and assisting in the funding of an independent objective review.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart Klugman". The signature is written in a cursive, somewhat stylized font.

Stuart Klugman, FSA, CERA, PhD  
Society of Actuaries Staff Fellow, Education