



## SOCIETY OF ACTUARIES

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**By email: [2013QSComments@actuary.org](mailto:2013QSComments@actuary.org)**

American Academy of Actuaries  
Committee on Qualifications  
Attn: Sheila J. Kalkunte, Esq.  
1850 M Street, NW, Suite 300  
Washington DC 20036

Re: Qualification Standards for Actuaries Issuing Statements of Actuarial  
Opinion in the United States ("QS")

Mr. John Morris,  
Chairperson, Committee on Qualifications:

This letter is being sent in response to the Casualty Actuarial Society's (CAS) letter to the Committee on Qualifications (COQ) dated June 13, 2013. While we would not ordinarily comment on the submission of another organization, the CAS's letter specifically addressed a pending request by the SOA and we thought it would be helpful to the COQ to provide our thoughts on it.

In its letter, the CAS suggests that the QS should not be revised to recognize the SOA as an educator of actuaries qualified to sign NAIC Property & Casualty Annual Statements until "the SOA demonstrate[s] for a number of exam cycles that each of their planned exams meet [*sic*] the rigorous standards embodied in the CAS exams ..." Our view of the CAS request is that it is, in effect, asking the COQ to create or "read into" the QS a new unwritten requirement that would presumably be applicable to any newly-developed or changed exam systems. We believe that reading in such a requirement would be inconsistent with the QS and would represent a significant departure from precedent by the COQ. We trust the COQ will not take this step.

*The CAS suggestion cannot be reconciled with Section 3.1.1.2 of the QS*

As the Specific Qualification Standard for the NAIC Property & Casualty Annual Statement is currently written, an actuary can satisfy the basic education requirement by completing relevant exams offered by either *the Academy* or the CAS. Thus, if the Academy

decided tomorrow to introduce exams intended to educate and qualify actuaries for signing NAIC Annual Statements, its newly-developed educational system would be automatically and instantly recognized as sufficient to satisfy the QS requirements. The QS would require no waiting period for these exams to be recognized for purposes of Section 3.1.1.2. There would be no requirement for the Academy to “demonstrate for a number of exam cycles” that the newly introduced exams were rigorous enough. And this would be the result, notwithstanding that the Academy has historically not had an extensive track record of developing and administering exams intended to qualify actuaries for practice.

The CAS letter states, however, that the SOA’s newly-developed General Insurance track must be subjected to such an evaluation period, notwithstanding that the General Insurance track is being developed by an organization offering the most widely-used and widely-recognized actuarial examination system and actuarial credentials in the world today. The SOA has successfully developed educational programs and exams of unquestioned rigor in other areas of practice and disciplines, and (with its predecessors) has been doing so for more than 100 years. It is difficult to reconcile the CAS’s proposal regarding the SOA’s new General Insurance track exams, with the existing language of the QS regarding any newly-developed exams that might be offered by the Academy. We see no basis for imposing what would amount to an arbitrary double standard.

*There is no precedent for imposing the CAS’s suggested “evaluation period”.*

For the most basic forms of SAOs (those not involving a specialty area of practice), an actuary may be deemed qualified to issue them based on satisfying three requirements:

- Membership in the Academy, the SOA, the CAS or a number of other organizations;
- Three years of responsible actuarial experience; and
- Demonstrated knowledge of the Code of Professional Conduct.

With respect to the first prong of the requirements, it is important to note that only Associate level membership is required.

Recently, the Canadian Institute of Actuaries (CIA) implemented a University Accreditation Program that will allow actuarial candidates to earn substantial credit toward associate level membership based on a qualifying grade in an approved university course. These prospective members would be exempted from passing several of the qualifying exams administered by the professional organizations. This system is in its very first year of operation, with the first exam exemptions just now being earned by students. The CAS has announced that it will accept these university-based credits and immediately waive exams otherwise required for the ACAS credential.

Our purpose in noting this is not to question whether the approach taken by the CAS is good or bad, wise or unwise. Rather, we simply mean to note that this obviously

represents a significant change in the manner by which prospective actuaries' learning may be assessed on their pathway to earning associate level membership in the CAS and, hence, to becoming qualified to issue SAOs. Yet, to our knowledge, no one has suggested that the CAS' adoption of this new pathway to achieving qualification should be evaluated for a period of several years before it would be recognized under the QS. Again, we see no basis for setting new precedent and imposing such a requirement with respect to the SOA's General Insurance track.

*There is no rationale for the CAS's suggested evaluation period requirement.*

In its letter, the CAS has not attempted to offer a rationale for why the COQ should impose an "evaluation period" requirement before amending the QS to recognize the SOA's General Insurance track. There is no acknowledgement that adopting such an unwritten requirement would be inconsistent with existing provisions of the QS and with existing practice, and there are no reasons given that would justify the resulting double standards.

The SOA's new fellowship offering in General Insurance introduces competition with other actuarial credentials around the world. The CAS proposal would serve to inhibit such competition here in the U.S. by reading into the QS an unwritten requirement for which there is no basis, no rationale and no precedent. We respectfully suggest that the COQ should not entertain a proposal that would serve only to limit competition.

Respectfully submitted,

Tonya Manning, FSA, MAAA, FCA, EA  
President, Society of Actuaries