



CONFERENCE OF CONSULTING ACTUARIES

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October 26, 2020

The Board of Directors and The Committee on Qualifications  
American Academy of Actuaries  
1850 M Street, NW, Suite 300  
Washington, DC 20036

To the Committee on Qualifications, Katherine Campbell, Chair:

On behalf of the Conference of Consulting Actuaries (“CCA”), we respectfully submit this comment letter in response to the *Exposure Draft of Revisions of the Qualification Standards (including Continuing Education Requirements) For Actuaries Issuing Statements of Actuarial Opinion in the United States* (“Exposure Draft”) as issued September 2, 2020.

In the Background to the Exposure Draft, the aims of the proposed changes to the Qualification Standards are articulated as follows:

- Make appropriate changes related to the specific qualification standards for Statements of Actuarial Opinion for Property and Casualty Annual Statements
- Consider whether any other changes should be recommended given the passage of time (e.g. provisions related to the International Actuarial Association)
- Clarify and update technical language related to basic education requirements for Enrolled Actuaries and actuaries with education credentials from non-US based actuarial organizations

In our review of the Exposure Draft, we believe that the Committee on Qualifications went beyond the stated aims by proposing changes, some of which may be inappropriate and should be disregarded. At a minimum, any “technical” clarification and update items related to the third bullet above that are in fact substantive changes should be re-proposed and presented as such, with appropriate rationale. Those changes are discussed below.

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Section 2.1 of the current Qualification Standards states that to satisfy the Basic Education and Experience Requirement an actuary must meet the following criteria:

- 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; and
- Have three years of responsible actuarial experience, which is defined as work that requires knowledge and skill in solving actuarial problems; and
- Be knowledgeable, through examination or documented professional development, of the Law applicable to the Statement of Actuarial Opinion. “Law” is defined in the Code of Professional Conduct.

The Exposure Draft has modified the first requirement by eliminating the option for an actuary to be a Fellow of the CCA, a Member or Fellow of ASPPA (now the American Society of Enrolled Actuaries or “ASEA”) or by being a fully qualified member of another International Actuarial Association (“IAA”) member organization.

This change does not fit the aims for which the Exposure Draft was issued. If the intent of the Basic Education Requirement is to ensure that an actuary has both the necessary experience along with accreditation by examination, then removing the option to satisfy what is Section 2.1(a) of the Exposure Draft by virtue of being Fellows of the CCA, Members or Fellows of ASEA, or fully qualified members of other IAA-member organizations runs afoul of this intent.

The CCA has two levels of membership – Associate of the Conference of Consulting Actuaries (ACA) and Fellow of the Conference of Consulting Actuaries (FCA). The ACA requirements are substantively similar to the requirements to become a Member of the American Academy of Actuaries (MAAA). The FCA requirements go further to include six (6) years of experience of which at least three (3) years are as a consulting actuary, or three (3) years as an ACA, or obtaining the Fellowship credential of either the SOA, CAS, or ASEA. It is our understanding that similar requirements exist in order to become a Member or Fellow of ASEA. As it relates to other IAA-member organizations, we think that decision should be made on a case-by-case basis by the Committee or Academy Board as various IAA-member organizations have different standards that may or may not satisfy the intended requirements of accreditation by examination and relevant experience. The Academy’s decision to disengage from the IAA is not a rationale for removing that option as a means of satisfying the Basic Education requirement.

Furthermore, to continue to provide an option of satisfying Section 2.1(a) by obtaining membership in the American Academy of Actuaries (“Academy”) while removing the option of Fellowship in the CCA, ASEA, and some IAA-member organizations highlights the inappropriateness of these changes.

The Academy’s membership requirements require a candidate to obtain an actuarial credential and either be a U.S. resident for at least three (3) years or, for non-U.S. residents or new U.S. residents, self-certification of their familiarity with U.S. laws and practices in their actuarial practice area. Unlike the FCA credential, there is no experience requirement. Not recognizing requirements that exceed those for the MAAA for satisfying Section 2.1(a) suggests that the committee made this change to attempt to force otherwise qualified actuaries who are not members of the Society of Actuaries or Casualty Actuarial Society to become members of the Academy. An FCA who is not a member of the Academy, SOA or CAS is currently fully qualified, and adding Academy membership does not improve the actuary’s qualifications in any way. Essentially declaring that such an actuary is unqualified, which the proposed standards

do, is contrary to the intent of the Exposure Draft to not disqualify anyone who is currently qualified. Furthermore, this proposed change is indicative of an inappropriate practice of advancing the Academy's own commercial interests – just as the Academy accused the CCA and ASEA when unilaterally moving to remove representatives of these organizations from the Selection Committee.

Similarly, the revisions made to what is now Section 2.1(d) in the Exposure Draft, specifically Section 2.1(d)(1) follow the same line of reasoning. Removing the option of satisfying this requirement via Fellowship in the CCA or ASEA while allowing membership in a non-US actuarial organization as long as he or she is a member of the Academy lacks merit, as the Academy does not require any higher level of examination or experience for membership than the CCA and ASEA.<sup>1</sup>

To conclude, by continuing to allow membership in the Academy as an option for satisfying Section 2.1(a) and Section 2.1(d)(1) but removing the options of Fellowship in the CCA and Fellowship/Membership in ASEA, the Committee and Academy Board are guilty of overreach based on the stated intentions of the Exposure Draft. We request that the committee:

- Revise Section 2.1(a) to include Fellowship in the CCA and Fellowship/Membership in ASEA as options for satisfying the criteria of 2.1(a).
- Revise Section 2.1(d)(1) to include Fellowship in CCA and Fellowship/Membership in ASEA as options for satisfying the criteria of 2.1(d)(1).

In addition to the requested revisions above, we have reviewed the comment letters submitted by Mr. Steven Armstrong on behalf of the Casualty Actuarial Society, the International Association of Black Actuaries, Ms. Adelaida Campos on behalf of the Organization of Latino Actuaries, Mr. Andrew Rallis on behalf of the Society of Actuaries, and we understand that other actuarial organizations will be submitting letters that address the topic of diversity, equity, and inclusion as well. We strongly encourage the Committee to consider their recommendations on this topic as it relates to continuing education for the betterment of the profession. We believe this type of continuing education is relevant to an actuary's work to provide their Principals with high-quality service and for the benefit of the public.

Respectfully,

Michael S. Clark, FSA, FCA, EA, MAAA

President, Conference of Consulting Actuaries

On behalf of the Conference of Consulting Actuaries

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<sup>1</sup> While the Academy requires three years of U.S. residency that is not required by CCA or ASEA, the allowance for self-certification of familiarity with U.S. law and practice effectively eliminates this residency requirement and puts the Academy membership requirements on par with CCA and ASEA when taking into consideration Section 2.1(c) of the proposed Qualification Standard.