

21. (2 points)

Management of an insurance company has decided to replace its Appointed Actuary because of disagreements over substantive wording in the Statement of Actuarial Opinion (SAO).

The 2014 SAO Instructions require specific steps be taken as a result of this change in Appointed Actuary. Describe four of these steps.

QUESTION 21	
TOTAL POINT VALUE: 2	LEARNING OBJECTIVE: D1
SAMPLE ANSWERS	
<p>Step 1:</p> <ul style="list-style-type: none"> The company must notify the domiciliary commissioner of the change in appointed actuary and that the newly appointed actuary meets the qualification standards The company must notify the DOI within 5 days You must tell the commissioner of the change in AA and submit the name of the new AA along with their qualifications <p>Step 2:</p> <ul style="list-style-type: none"> The company must inform the commissioner of any disagreements related to the substantive wording of the SAO and provide a description of the disagreements and how they were resolved within 10 days. Within 10 days the company must notify the DOI of any disagreements in material wording, RMAD, scope, etc within the past 24 mos. <p>The company must tell the DOI of any material disagreements with the AA over the past 24 months; in this case with the substantive wording in the SAO.</p> <p>Step 3:</p> <ul style="list-style-type: none"> The company must request that the former actuary provide a letter stating whether he/she agrees with the statements in the Company's letter The insurance company must ask the exiting AA to comment on any disagreements You need to reach out to the former AA and ask that they share their side of the story over any disagreements that may have happened. <p>Step 4:</p> <ul style="list-style-type: none"> The company must appoint a new Appointed Actuary by the 2014 year end so they can opine on the 2014 SAO A new actuary must be appointed by the Board of Directors to opine on the 2014 year The actuary must be appointed by the Company's Board. This appointment must occur prior to December 31, 2014. 	
EXAMINER'S REPORT	
<p>This question on the Statement of Actuarial opinion asked the candidate to identify the steps needed as a result of changing its Appointed Actuary over substantive wording based on the 2014 SAO instructions. The steps are clearly identified within COPLFR.</p> <ul style="list-style-type: none"> Step 1: Most candidates were able to generally mention to notify DOI, but often did not include any more detail. Also some candidates incorrectly said that the company needs to inform the board of directors instead of the Commissioner/DOI. Step 2: Many candidates struggled to hit the key points on this step. Frequently candidates only mentioned to inform the DOI of disagreements and left out detail on the type of disagreements, such as the substantive wording in the SAO. Another common answer that did not go into enough detail was the company needs to tell the Commissioner why the appointed actuary left or why they are changing their appointed actuary. Step 3: The most common error related to this step was omitting it entirely. Step 4: Many candidates left the last step blank or repeated one of the prior steps. 	