

EXAM 6 – UNITED STATES, FALL 2016

22. (2 points)

a. (0.5 point)

Describe the standards a person must meet in order to be a Qualified Actuary to provide a Statement of Actuarial Opinion (SAO) in the U.S.

b. (1 point)

Other than the name and title of the Appointed Actuary, briefly describe four pieces of information about the Appointed Actuary that must be disclosed in the IDENTIFICATION section of a SAO.

c. (0.5 point)

Other than the name of the new Appointed Actuary, briefly describe two pieces of information that need to be communicated to the regulator by the company when there is a change in the Appointed Actuary.

SAMPLE ANSWERS AND EXAMINER'S REPORT

QUESTION 22	
TOTAL POINT VALUE: 2	LEARNING OBJECTIVE: D1
SAMPLE ANSWERS	
Part a: 0.5 point	
<p><u>Sample Responses for Criteria 1</u></p> <ul style="list-style-type: none">• Member in good standing with Casualty Actuarial Society <p><u>Sample Responses for Criteria 2</u></p> <ul style="list-style-type: none">• Member of the American Academy of Actuaries who has been approved to issue Statements of Actuarial Opinion by the Casualty Practice Council of American Academy of Actuaries• Member of the American Academy of Actuaries who has been approved by American Academy of Actuaries to issue Statements of Actuarial Opinions <p><u>Sample Responses for Criteria 3</u></p> <ul style="list-style-type: none">• Meets Qualification standards to issue Statements of Actuarial Opinion• Meets Qualification standards of the American Academy of Actuaries to issue Statements of Actuarial Opinion	
Part b: 1 point	
<p><u>Sample Responses for Item 1</u></p> <ul style="list-style-type: none">• Affiliation to Company• Relationship with Company <p><u>Sample Responses for Item 2</u></p> <ul style="list-style-type: none">• Who did the Appointment• Appointed by Board of Directors• Appointed by Company <p><u>Sample Responses for Item 3</u></p> <ul style="list-style-type: none">• Affirmation that meets qualification standards to act as the Appointed Actuary and provide Statements of Actuarial Opinion• Qualified to issue Statements of Actuarial Opinion• Qualification• Credentialed <p><u>Sample Responses for Item 4</u></p> <ul style="list-style-type: none">• Date appointed• Time appointed	

SAMPLE ANSWERS AND EXAMINER'S REPORT

Part c: 0.5 point

Sample Responses for Item 1

- Whether there were disagreements with the former Appointed Actuary regarding the content of the opinion on matters of the risk of material adverse deviation
- Whether there were disagreements with the former Appointed Actuary on material (or substantive) issues
- Whether there were disagreements with the former Appointed Actuary on any of the following material issues: risk of material adverse deviation, required disclosures, scopes, procedure, type of opinion issued, substantive wording of the opinion, or data quality
- Whether there were material disagreements with the former Appointed Actuary on the level of reserves

Sample Responses for Item 2

- Whether the former Appointed Actuary confirms the company's statement on existence of disagreements
- Prior actuary confirms disagreements
- Prior actuary's response on disagreements

Sample Responses for Item 3

- If there are disagreements, how they were resolved or if they were not resolved.
- Resolution of disagreements
- Resolution of disputes

EXAMINER'S REPORT

The candidates were expected to provide information from the NAIC Annual Statement Instructions including the qualification standards, the documentation standards for the appointment of the qualified actuary, and additional information needed to be communicated when there is a change in the Appointed Actuary.

Part a

The candidates were expected to recall the standards that must be met in order to be a Qualified Actuary in the US.

Common mistakes included:

- Not indicating that the member of the Casualty Actuarial Society is in good standing
- Suggesting that the actuary have to be a Fellow of the Casualty Actuarial Society
- Not defining the needed approval by the Casualty Practice Council of the American Academy of Actuaries

Part b

The candidates were expected to provide four pieces of information about the Appointed Actuary that must be disclosed.

SAMPLE ANSWERS AND EXAMINER'S REPORT

Common mistakes included:

- Listing dates around the actual review (i.e. date of evaluations, data terms, etc.) and NOT the appointment date
- Not defining the relationship to the insurer but rather the relationship the appointed actuary has to their employer

Part c

The candidates were expected to describe the additional communication required when there is a change in the appointed actuary.

Common mistakes included:

- Candidates were not indicating the materiality / relevance of the disagreement
- Candidates were listing documentation around the qualification standards of the Appointed Actuary discussed in (b) rather than the additional documentation needed for replacement.