

Adopted by the Actuarial Opinion (C) Working Group: Sept. 27, 2023

REGULATORY GUIDANCE on Property and Casualty Statutory Statements of Actuarial Opinion, Actuarial Opinion Summaries, and Actuarial Reports for the Year 2023

Prepared by the NAIC Actuarial Opinion (C) Working Group
of the Casualty Actuarial and Statistical (C) Task Force

The NAIC Actuarial Opinion (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force believes the Statement of Actuarial Opinion (SAO), Actuarial Opinion Summary (AOS), and Actuarial Report are valuable tools in serving the regulatory mission of protecting consumers. This regulatory guidance document supplements the NAIC Annual Statement Instructions—Property/Casualty (Instructions) to provide clarity and timely guidance to companies and Appointed Actuaries with regulatory expectations on the SAO, AOS, and Actuarial Report.

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I. General Comments

A. Reconciliation Between Documents

If there are any differences between the values reported in the Statement of Actuarial (SIA) or A

Regarding the disagreements referenced in step 2, state insurance regulators understand that there may be disagreements between the Appointed Actuary and the insurer during the course of the Appointed Actuary's analysis that are resolved by the time the Appointed Actuary concludes the analysis. For instance, the Appointed Actuary's analysis may go through several iterations, and an insurer's comments on the Appointed Actuary's draft Actuarial Report may prompt the Appointed Actuary to make changes to the report. While state insurance regulators are interested in material disagreements regarding

G. Explanation of Adverse Development

1. Comments on Unusual Insurance Regulatory Information System Ratios in the Statement of Actuarial Opinion

The Appointed Actuary is required to provide comments in the SOA on factors that led to unusual values for Insurance Regulatory Information System (IRIS) ratios 11, 12, or 13. The Working Group considers it insufficient to attribute unusual reserve development to “reserve strengthening” or “adverse development.” The Appointed Actuary to provide insight into the

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If the amounts are material and the Appointed Actuary states that the amounts are reasonable in an Opinion paragraph, state insurance

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This guidance does not specify how insurers should report the liabilities associated with A&H long-duration contracts on the annual statement. Through work performed on financial examinations, state insurance regulators have found that insurers may include the liabilities in various line items of the Liabilities, Surplus and Other Funds page. SAP No. 54R Individual and Group Accident and Health Contracts provides accounting guidance for insurers.

Regardless of where the amounts are reported on the annual statement, the materiality of the amounts, and whether the insurer is subject to Actuarial Guideline The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves (AG 51), the Appointed Actuary should disclose the amounts associated with A&H long-duration contracts on Exhibit B, Item 13. The Appointed Actuary should provide commentary in a relevant comments paragraph in accordance with paragraph 6.C of the Instructions. The Appointed Actuary should also disclose all reserve amounts associated with A&H long-duration contracts in the Actuarial Report.

- The adoption of AG 51 in 2017. On Aug. 9, 2017, the NAIC's Executive (EX) Committee and Plenary adopted AG 51 requiring standalone asset adequacy analysis of long

Not all states have enacted the NAIC Property and Casualty Actuarial Opinion Model (#245), which requires the AOS to be filed. Nevertheless, the Working Group recommends that the Appointed Actuary prepare the AOS regardless of the domiciliary state's requirements, so the AOS will be ready for submission should a foreign state request the appropriate confidentiality safeguards.

Most states provide the annual statement contact person with a checklist that addresses filing requirements. The Working Group advises the Appointed Actuary to work with the company to determine the requirements for its domiciliary state.

C. Format

C.a

1. I meet the basic education, experience and CE requirements of the Specific Qualification Standards for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (Qualification Standards), promulgated by the American Academy of Actuaries (Academy). The following describes how I meet these requirements:

a. Basic education:

- [Option 1] met through relevant examinations administered by the Casualty Actuarial Society
- [Option 2] met through alternative basic education. The Appointed Actuary should further review documentation necessary per Section 3.1.2 of the U.S. Qualification Standards.

b. Experience requirements: met through relevant experience as described below.

- To describe the Appointed Actuary's responsible experience relevant to the subject of the S information may include: 2.9 eMCID 17 [Oow(0.0022T.8 (s)w)((0.000 Tc 0 Tcu (owm)001217)1.7 tMC