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was qualified to issue the SAO at the time the review took place under the USQS in effect at that time.

Section 3 of the USQS specifies the Specific Qualification Standards beyond those required to satisfy the General or Basic Education and Experience requirements. For issuing Life, A&H, and Fraternal SAO, this includes examinations administered by either the Academy or SOA covering

(a) policy forms and coverages,

(b) dividends and reinsurance,

(c) investments and valuations of assets and the relationship between cash flows form assets and related liabilities,

(d) statutory insurance accounting,

(e) valuation of liabilities, and

(f) valuation and nonforfeiture laws.

Alternatively, this education may be acquired through responsible work or self-study, if another qualified actuary familiar with the work is willing to attest to the knowledge of the opining actuary. To meet the experience requirement, an actuary is required to have at least three years of responsible experience relevant to the Opinion, under the review of another actuary who was qualified to issue the Opinion at the time the review took place.

Section 3, Specific Qualification Standards, of the USQS applies to appointed actuaries but does not apply to qualified actuaries, as the insurance products covered in the VM-31 report are generally less comprehensive. Appointed Actuaries must consider a broader perspective, including the adequacy of reserves for the entire company, often including multiple products. While the Valuation Manual methodologies are intended to provide adequate reserves, the Qualified Actuary does not provide an opinion on reserve adequacy; instead, the Qualified Actuary opines on whether the reserves are calculated following the rules set forth in the Valuation Manual.

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    i) Fixed interest rate credits
    ii) Indexed interest rates credits
    iii) Variable amounts depending on investment fund values
    iv) Variable amounts depending on an index
c. Term Insurance
    i) Annually renewable term
    ii) Term with certain period
d. Single and joint policies
e. Riders attached to the above policies
    i) Accidental death benefit
    ii) Waiver of Premium
    iii) Term insurance on the life of
        (1) The insured
        (2) Spouse
        (3)

1. Insurance law with respect to its impact on Life, A&H insurance and Fraternal insurers.
2. U.S. federal and state laws and regulations that pertain to the SAO.
3. Relevant state specific laws, regulations, regulatory authority and rules regarding the preparation of annual statements.
4. Principles of statutory accounting and sources of guidance.
5. Familiarity with statutory accounting blanks, the NAIC's Accounting Practices and Procedures Manual, including all relevant SSAPs and Actuarial Guidelines related to the lines of business for which the Qualified Actuary is writing the opinion.
6. The particular VM section providing rules related to valuation of the products in the opinion and VM-31 reporting.
7. Treatment of reinsurance in statutory accounting, including transfer of risk issues (see Section G for more on reinsurance).
8. Elements of the risk-based capital (RBC) formula and the regulatory impact of RBC (only for VM-21).

The Qualified Actuary must be able to assess the effect of underwriting and marketing, and changes therein on the reserves for which the Qualified Actuary is opining, along with the associated risks and uncertainties. The Qualified Actuary must understand how insurance companies assume risk through marketing and underwriting.

1. Various types of underwriting for each of the coverages and features described in Section A, Policy Forms and Coverages above, including differences between full underwriting, accelerated underwriting, simplified issue, and guaranteed issue.

4. Other items, which may or may not be included in the modeled reserve, but not limited to the following:
   a. Unearned premium reserve
   b. For health products attached to modeled reserves: ALR/contract reserve, unearned premium reserve, DLR/claim reserve, and premium deficiency reserve
   c. Interest maintenance reserve
   d. Asset valuation reserve, if included in the model
5. Assets being held to support the reserves being modeled
   a. Types of assets may include, but also may not be limited to:
      i) Cash
      ii) Bonds
      iii) Asset backed securities
      iv) Equities
      v) Real estate
      vi) Mortgages
      vii) Policy loans
      viii) Derivative instruments and derivative features
      ix) Any other assets included in the PBR model
   b. Contract investment funds
   c. Asset Models and Assumptions related to the asset, risks present in individual assets or types of assets, and return assumptions related to assets
      i) Default costs
      ii) Spreads
      iii) Swap details and spreads
      iv) Call, put, prepayment, extension and other similar risks
      v) Volatility
      vi) Other assumptions, which may include, but not be limited to, structure, sector, market, payment in kind options, etc.
   d. Reinvestment and divestment assumptions, including the availability of assets in the future for purchase as reinvestment assets, as well as the risks related to the timing of future reinvestments and divestments
      i) Purchase and sale/borrowing options
      ii) Differences between company portfolio strategy and VM alternatives
   e. How the starting assets and reinvestment strategy impact NAER and discount rates
   f. Hedging processes and impact on interest credits, risk management, portfolio selection, etc.
6. Policyholder/contract holder behavior
   a. Premium Payments
   b. Withdrawals (full or partial)
   c. Lapses

   d. Policy Loans
   e. Changes to faces amount
   f. Fund transfers
   g. Annuitization/benefit payments
7. Reinsurance (see Section E for more specifics related to reinsurance)
   a. Impact on cash flows, including timing differences between entities
   b. Assets associated with these agreements
   c. Recapture
   d. Rate increase
   e. Collectability of Claims
8. Explanation of results
   a. Impact of margins
   b. Impact of assumption changes
   c. Impact of changes to starting assets, portfolio strategy and hedging procedures
   d. Impact of changes to inforce
   e. Impact of management actions during the year
   f. Impact of switching between the reported reserve (SPA/CTE70 or NPR/DR/SR)

The Qualified Actuary must be able to assess the effect of reinsurance on the reserves for which the Qualified Actuary is opining, along with the associated risks and uncertainties. The Qualified Actuary must understand the functions and types of reinsurance, relevant contract features, risk transfer principles, and reinsurance accounting, recognition and collectability issues. The Qualified Actuary must understand basic reinsurance terminology (e.g., limits, retentions/attachment points, quota share, excess of loss, non-proportional, experience refund, allowances, clauses, reinstatements, co-insurance, commissions). The Qualified Actuary must also understand:

1. The function and types of reinsurance.
   a. YRT (guaranteed or not)
      i) Quota share
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