



Knowledge Statement, the remainder of knowledge would need to be achieved through experience or continuing education and such will be identified and documented in the requirements. The proposed timeline is to complete this project by year-end.

We are continuing to be aggressive with the timeline and planning to have the definition adopted by year-end to be effective for actuarial opinions issued for 2019 year-end annual statements.

At our meeting in Milwaukee we can address when the associations would like to reconvene and discuss the plan and timeline with me in detail.

Should you have any immediate questions, please contact me at [kdefrain@naic.org](mailto:kdefrain@naic.org) or 816-783-8229.

CC: Ad Hoc Commissioner Group of the Executive (EX) Committee

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Statement of Actuarial Opinion Instructions  
Definition of a Qualified Actuary

proposed definition to be  
included in Section 1A. Definitions of the Actuarial Opinion instructions for Statements of Actuarial Opinion:

1A. Definitions

(i) ~~\_\_\_\_\_~~ experience and continuing education requirements of the Specific  
Qualification Standard for Sta662.5 Tm1(ui O)15

Proposed Changes to the  
Statement of Actuarial Opinion Instructions

The following is a draft of potential changes to the Actuarial Opinion instructions for Statements of Actuarial Opinion, including the revised working . The Attestation is included here, but is only provided for illustrative purposes. The Attestation will be decided by the Casualty Actuarial and Statistical (C) Task Force. We also note below that the Education Standards, the assessment of professional actuarial designations for each Knowledge Statement, and any split of a knowledge statement between basic education, experience, or continuing education will be documented in the instructions. This proposal will continue to be modified with expectation of adoption for Statements of Actuarial Opinion filed on 2019 annual financial statements.

ACTUARIAL OPINION

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## C. Reinsurance

The Appointed Actuary must be able to assess the effect of reinsurance on the reserves for which the Appointed Actuary is opining, along with the associated risks and uncertainties. The Appointed Actuary must understand the functions and types of reinsurance, relevant contract features, risk transfer principles, and reinsurance accounting, recognition and collectability issues.

### Knowledge Statements:

1. Basic reinsurance terminology (e.g., limits, retentions/attachment points, quota share, excess of loss, clauses, reinstatements, co-insurance, commissions)
2. The function and types of reinsurance
3. Reinsurance contracts interpretation
4. Reinsurance contracts to determine the treatment of loss adjustment expenses (LAE) (e.g., within limits,

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25. Practices described in the American Academy of Actuaries Committee on Property and Liability Financial Reporting's (COPLFR) Practice Note *Statements of Actuarial Opinion on Property and Casualty Loss Reserves*
26. Other items that might be within the scope of the opinion (e.g., unearned premium reserve on long duration contracts, Death, Disability and Retirement (DD&R) reserves, retroactive reinsurance liabilities and deposit contract liabilities)
27. The effect of reinsurance including retroactive and financial; potential reinsurance collectability issues
28. Narrative and technical components of an Actuarial Report consistent with relevant actuarial standards and regulatory requirements, including a comparison of current estimates to comparable prior estimates, and reference to use of another Act

#### F. Professionalism and Business Skills

The Appointed Actuary must have professional and business skills to enable the Appointed Actuary to perform the required actuarial services in an ethical manner that upholds the reputation of the actuarial profession. The Appointed Actuary must know and adhere to the Code of Professional Conduct as well as relevant Actuarial Standards of Practice and must meet the U.S. Qualification Standards. The Appointed Actuary must have the professional and business skills to manage the tasks, make informed decisions, communicate effectively with

#### Knowledge Statements:

1. Relevant Actuarial Standards Board's Actuarial Standards of Practice (ASOPs), Qualification Standards for Actuaries Issuing Statement of Actuarial Opinion in the United States (U.S. Qualification Standards), Code of Professional Conduct
2. Decision Making and Communication skills (e.g., oral, written, listening), professional and business skills, and dispute resolution skills to resolve any issues related to the assignment as raised by company management, the company's Board of Directors, regulatory authorities, the actuarial profession, auditors, and/or the actuary's employer



- 2) Principles: The Educational Standards should be developed using the following principles:
- i) The standards should be minimum standards for a 2019 P/C Appointed Actuary.  
The CAS and SOA will educate a wider group of actuaries for multiple tasks beyond that needed for a P/C Appointed Actuary.
  - ii)

