**Life Actuarial (A) Task Force/ Health Actuarial (B) Task Force**

**Amendment Proposal Form\***

1. Identify yourself, your affiliation, and a very brief description (title) of the issue.

**Identification:**

Rachel Hemphill, PhD, FSA, FCAS, MAAA

**Title of the Issue:**

Qualified Actuaries should meet the special qualification standards, in addition to Appointed Actuaries.

2. Identify the document, including the date if the document is “released for comment,” and the location in the document where the amendment is proposed:

VM-01 definition of “Qualified Actuary”

January 1, 2024 NAIC Valuation Manual

3. Show what changes are needed by providing a red-line version of the original verbiage with deletions and identify the verbiage to be deleted, inserted, or changed by providing a red-line (turn on “track changes” in Word®) version of the verbiage. (You may do this through an attachment.)

**VM-01 definition of “Qualified Actuary”:**

* The term “qualified actuary” means an individual who is qualified to sign the applicable statement of actuarial opinion in accordance with the Academy qualification standards for actuaries signing such statements and who meets the requirements specified in the Valuation Manual.

A qualified actuary must meet the specific qualification standard for providing a NAIC Annual Statement Opinion.

4. State the reason for the proposed amendment? (You may do this through an attachment.)

For reference, the Model 820 Definition of qualified actuary is:

* The term “qualified actuary” means an individual who is qualified to sign the applicable statement of actuarial opinion in accordance with the American Academy of Actuaries qualification standards for actuaries signing such statements and who meets the requirements specified in the valuation manual.

Currently, the VM-01 definition of qualified actuary just reiterates that definition. But, as Model 820 specifically calls out “who meets the requirements specified in the valuation manual” adding the specific language is consistent with Model 820.

It is surprising that this is not already the requirement. The complexity of PBR and the reliance on the PBR actuary calls for this requirement, but the United States Qualification Standard (USQS) currently only requires the specific qualification standard for an appointed actuary, not a qualified actuary. The American Academy of Actuaries noted the USQS states that the NAIC or individual states may have additional requirements. So, a change to the Valuation Manual is needed to ensure PBR actuaries have the 15 hours of specific continuing education and the more detailed basic education (which can be based on exams or self-study).

While most qualified actuaries likely already are satisfying this requirement and some may have interpreted this as the current requirement (and some serve as appointed actuaries as well), this clarification is important where regulators have identified some companies whose qualified actuaries are not as knowledgeable as they need to be. This change will be consistent with feedback given by regulators to those qualified actuaries regarding ongoing education.

This requirement would also apply for the qualified actuary who provides the Qualified Actuary on Investments certification, which may not be one of the qualified actuaries providing the PBR sub-reports. Again, given the complexity and reliance on this qualified actuary, the specific qualification standard is appropriate.

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| **Dates:** Received | Reviewed by Staff | Distributed | Considered |
| 12/08/2023 | K.K |  |  |
| **Notes:** 2024-01 | | | |