



October 23, 2024

Rachel Hemphill, Chair  
Craig Chupp, Vice Chair  
Life Actuarial (A) Task Force (LATF)  
National Association of Insurance Commissioners (NAIC)  
1100 Walnut Street, Ste 1000  
Kansas City, MO 64106

Re: Public Comments on the Academy's Draft Knowledge Statements for Life and Health Actuaries

Dear Chair Hemphill and Vice Chair Chupp,

On behalf of the American Academy of Actuaries (Academy),<sup>1</sup> I appreciate the opportunity to share our response to the public comments you received after the 30-day comment period exposure of the draft life knowledge statements. Having discussed the feedback you received, we offer the following:

- **Suggestion:** Include Surplus Management; in particular, the C-3 Phase x calculations determined from PBR calculations.

**Academy Response:** Surplus Management is currently covered in the knowledge statements in sections B.10, Elements of the RBC formula and the regulatory impact of RBC, and E.2, Modeled Reserve required by the Valuation Manual. We believe this sufficiently covers the topics suggested in the comment. However, if LATF would like to be more specific, we would suggest modifying E.2 to "Modeled Reserve required by the Valuation Manual *and associated C-3 RBC requirements.*"

We would also note that the RBC requirements related to the Valuation Manual, or which fall under the Standard Valuation Law, are mentioned within the knowledge statements, as well as within the scope of the actuarial opinion in section A.

- **Suggestion:** Remove section B.4. on state specific laws regarding the preparation of annual statements.

**Academy Response:** One of the opinion statements requirements for the Life Actuarial Opinion is that reserves and related actuarial values "meet the requirements of the insurance laws and regulations of the state of domicile; and, are at least as great as the minimum aggregate amounts required by any state in which this company is licensed." Knowledge of state-specific laws for any state in which a company was licensed would be required in order to make this statement.

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<sup>1</sup> The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

We believe that the stem in Section B referencing “relevant U.S. and state insurance law” is sufficient to limit section B.4 to states where the company was licensed. If, however, LATF wished to add clarity, B.4 could be modified to, “*Relevant* state specific laws, regulations, regulatory authority and rules regarding the preparation of annual statements.”

- **Suggestion:** Remove sections C.1.j-n, D.5-6, E.4 and F.4, as they relate only to health insurance.

**Academy Response:** While we believe it is appropriate for an appointed actuary of a life and health insurance company to have a baseline knowledge regarding health insurance, we would not object to LATF choosing the more limiting approach suggested. This could be done by deleting the referenced sections and modifying the note currently on page 3 of the document to “*Note: Because the Life Blank may include Health Reserves, specifically on Exhibits 6 and 8, the life appointed actuary should have exposure to long-duration health products commonly sold by life companies, such as LTC, disability, and dread disease products, and therefore will also need to refer to the Health Knowledge Statement. If a specific life and health insurance company has health products, the appointed actuary must also meet the portions of the health knowledge statements related to those specific products.*” However, this solution depends on what is done related to the health knowledge statements, and we encourage LATF to discuss this issue with the Health Actuarial (B) Task Force.

- **Suggestion:** Remove section B.8 on covered versus uncovered liabilities.

**Academy Response:** This is strictly a Health Blank issue, and we agree that the section should be deleted.

- **Suggestion:** Remove redundancy among sections.

**Academy Response:** We do not see the redundancy mentioned in the comment letter. The comment letter specifically referenced sections on Actuarial Opinion Scope and Reserves, where Section A (Actuarial Opinion Scope) focuses on the content of the actuarial opinion, while Section E (Reserves) focuses on how to analyze the reserves/liabilities. Although some terms are repeated, we believe the content of the two sections is very different and believe combining the sections would reduce clarity. If there is further clarification on the redundancies, we would be happy to discuss potential solutions.

We appreciate the feedback and engagement of the LATF regulators, other interested regulators, and stakeholders. If you have any questions or would like to discuss these thoughts further, please contact Geralyn Trujillo, the Academy’s senior director, public policy ([trujillo@actuary.org](mailto:trujillo@actuary.org); 202-785-7875).

Sincerely,

Lisa Slotznick, MAAA, FCAS  
President, American Academy of Actuaries

cc: Scott O'Neal, NAIC