

CAPTIVE INSURANCE DIVISION

GUIDANCE FOR APPOINTED PROPERTY & CASUALTY ACTUARIES

Background

There are competing property/casualty actuarial educational organizations, and no specific standards setting the minimum level of education expected for an Appointed Actuary in the United States insurance industry. Starting with the 2019 NAIC Instructions, the NAIC designed new minimum standards to avoid any potential development of lower educational standards in a competitive environment, to ensure Appointed Actuaries can be expected to have a minimum level of education to perform the duties of an Appointed Actuary, and to provide regulatory expectations of a profession that provides a vital service for regulators and the public by issuance of the financial statement actuarial opinion. The new standards were incorporated into the 2019 Property/Casualty Annual Statement Instructions for implementation commencing with the 2019 annual statement requiring the Appointed Actuary to provide qualification documentation to the Board of Directors upon initial appointment and annually thereafter.

The following supersedes Memo #2020-01 Guidance on Appointed Property & Casualty Actuaries effective 12/31/2019.

Update

The 2024 Property/Casualty Annual Statement Instructions have eliminated the annually thereafter requirement. Effective 12/31/2024, the required Appointed Actuary's qualifications documentation is to be provided, directly or through company management, to the Board of Directors at the initial appointment by Dec. 31 of the calendar year for which the opinion is rendered. The Board of Directors shall document their review of the qualifications, and the documentation shall be considered work papers and be available for inspection upon regulatory request or during a financial examination.

Regulatory requirements:

- The Appointed Actuary should provide a description of how the definition of "Qualified Actuary" in the NAIC Instructions is met or expected to be met (in the case of continuing education) for that year.
- The Appointed Actuary is required to provide the qualification documentation to the Board of Directors initially, when appointed.
- The qualification documentation should be part of the regulatory records and available for inspection.

These new requirements are the de-facto industry standard, required for all companies that file with the NAIC, including Vermont-domiciled risk retention groups. We plan to update Vermont Regulation C-1981-02 to implement the new standards for all captives in the near future and will revise our Approved Actuary application accordingly.