

# **Legislative Regulation Review Committee**

2009-045b

Insurance Department

**STATEMENT OF ACTUARIAL OPINION**

STATE OF CONNECTICUT  
**REGULATION**  
OF

**IMPORTANT:** Read Instructions on bottom of Certification Page before completing this Form. Failure to comply with instructions may cause disapproval of proposed Regulations.

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NAME OF AGENCY  
INSURANCE DEPARTMENT

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Concerning

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SUBJECT MATTER OF REGULATION

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**Statement of Actuarial Opinion**

**SECTION 1**

tions 38a-53-1 to 38a-53-3, inclusive, of the Regulations of Connecticut State Agencies are amended to read as follows:

**Sec. 38a-53-1. Definitions**

As used in Sections 38a-53-1 to 38a-53-4, inclusive of the Regulations of Connecticut State Agencies:

(a) "Qualified Actuary" and "Qualified Loss Reserve Specialist" means a person who is either:

(1) A member in good standing of the Casualty Actuarial Society; or

(2) A member in good standing of the American Academy of Actuaries who has been approved as qualified for signing casualty loss reserve opinions by the Casualty Practice Council of the American Academy of Actuaries; or

(3) [A person who otherwise has competency in loss reserve evaluation as demonstrated to the satisfaction of the insurance regulatory official of the domiciliary state. In such case, at least ninety days prior to the filing of its Annual Statement, the insurer shall request approval that the person be deemed qualified and that request shall be approved or denied by the Commissioner. The following must be submitted with the request:

(A) The National Association of Insurance Commissioners biographical form or similar form;

(B) A list of all loss reserve opinions and/or certifications issued in the immediate past three years. Copies of qualified opinions shall be attached;

(C) If the individual has not certified the reserves in the past but was responsible for establishing the reserves as filed in the Annual Statements during the last five years, a list of all such insurers and the years for which such reserves were established;

(D) A list of the lines of business for which such person shall be opining if approved;

(E) If a person has successfully completed any parts of the examinations of the Casualty Actuarial Society, hence thereof; and

(F) A statement certifying the accuracy of this information attested to by an officer of the entity requesting this approval;] A member in good standing of the Society of Actuaries; or

(4) In the case of a health care center [of] or life and health insurance company, an actuary who is qualified to submit an actuarial opinion regarding a life insurance company's accident and health reserves in accordance with Section 38a-78 of the General Statutes.

(b) "Annual Statement" means the annual financial statement required to be filed by insurers with the Commissioner pursuant to Section 38a-53 of the General Statutes.

(c) ["Commissioner" means the Insurance Commissioner of the State of Connecticut.] "Appointed Actuary" means a Qualified Actuary who is appointed by the Board of Directors, or its equivalent, of an insurer or health care center, or by a committee of the Board.

(d) ["Insurer", "Insurance Company", or "Company" means a health care center or an insurance company (other than a life insurance company) licensed by the Commissioner to do business in this state.] "Commissioner" means the Insurance Commissioner of the State of Connecticut.

(e) "Workpapers" means the records which support the conclusions reached by the Qualified Actuary or Qualified Reserve Specialist as to the adequacy of the company's reserves.

(f) "Insurer", "Insurance Company", or "Company" means a health care center or an insurance company (other than a life insurance company) licensed by the Commissioner to do business in this state.

(g) "NAIC" means the National Association of Insurance Commissioners.

**Sec. 38a-53-2. Statement of actuarial opinion**

(a) Each insurer shall include as an attachment to page one of its Annual Statement an opinion of a Qualified Actuary or qualified reserve specialist, entitled "Statement of Actuarial Opinion," which shall set forth his or her certification as to the adequacy of all reserve liabilities of the company. The Qualified Actuary or reserve specialist shall be appointed by the Board of Directors, or its equivalent, or by a committee of the Board, by December 31 of the calendar year for which the opinion is rendered. Whenever the Appointed Actuary or reserve specialist is replaced by the Board of Directors, the company must notify its domiciliary commissioner within 30 days of the date of the Board action and give the reasons for the replacement. The Appointed Actuary shall present a report to the Board of Directors each year on the items within the scope of the opinion. For good cause shown, the Commissioner may in his discretion, require the Statement of Actuarial Opinion to be prepared by an independent Qualified Actuary or qualified reserve specialist who is not an employee of the company.

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[(1) For property and casualty insurance companies, the Statement of Actuarial Opinion for the property and casualty lines of business, including accident and health, shall be in the format of and contain the information required by the "Annual Statement Instructions: Property and Casualty" which is published by the National Association of Insurance Commissioners.](b) Every property and casualty insurance company doing business in this state, unless otherwise exempted by the domiciliary commissioner, shall annually submit the opinion of an Appointed Actuary, entitled "Statement of Actuarial Opinion." This opinion shall be filed in accordance with the applicable NAIC Property and Casualty Annual Statement Instructions.

(1) Actuarial Opinion Summary: (A) Every property and casualty insurance company domiciled in this state that is required to submit a Statement of Actuarial Opinion shall annually submit an actuarial opinion summary, written by the company's Appointed Actuary. This actuarial opinion summary shall be filed in accordance with the applicable NAIC Property and Casualty Annual Statement instructions and shall be considered as a document supporting the Actuarial Opinion required in section (a) of this section. (B) A company licensed but not domiciled in this state shall provide the actuarial opinion summary upon request.

(2) Actuarial Report and Workpapers: (A) An actuarial report and underlying workpapers as required by the applicable NAIC Property and Casualty Annual Statement Instructions shall be prepared to support each Actuarial Opinion. (B) If the insurance company fails to provide a supporting actuarial report or workpapers at the request of the commissioner or the commissioner determines that the supporting actuarial report or workpapers provided by the insurance company is otherwise unacceptable to the commissioner, the commissioner may engage a Qualified Actuary at the expense of the company to review the opinion and the basis for the opinion and prepare the supporting actuarial report or workpapers.

(3) The Appointed Actuary shall not be liable for damages to any person, other than the insurance company and the commissioner, for any act, error, omission, decision or conduct with respect to the actuary's opinion, except in cases of fraud or willful misconduct on the part of the Appointed Actuary.

[(2)](c) For health care centers, the Statement of Actuarial Opinion shall be in the format of and contain the information required by the "Annual Statement Instructions: Health Maintenance Organization" which is published by the National Association of Insurance Commissioners.

[(b)](d) Life insurance companies reporting life and/or accident and health premiums shall include as a component to page one of its Annual Statement, the Statement of Actuarial Opinion setting forth an opinion relating to reserves and related actuarial items held in support of policies and contracts in accordance with the Standard Valuation Law, Sections 38a-77 and 38a-78 of the General Statutes and regulations promulgated thereunder, and to the extent not inconsistent with the foregoing, shall be in the format of and contain the information required by the "Annual Statement Instructions: Life, Accident and Health" which is published by the National Association of Insurance Commissioners.

**Sec. 38a-53-3. Availability of workpapers and confidentiality**

(a) Every insurer required to file a Statement of Actuarial Opinion with its Annual Statement pursuant to this regulation, shall make available all workpapers for review by the Commissioner or his designated representative. Such workpapers shall be maintained at the company and available for examination by the Commissioner or the Commissioner's designated agent from the date of the filing the Statement of Actuarial Opinion for seven years.

(b) (1) Documents, materials or other information in the possession or control of the Insurance Department, that are furnished to the commissioner pursuant to this section or obtained by the commissioner in an investigation pursuant to this section, that are considered an actuarial report, workpapers or actuarial opinion summary provided in support of the opinion, and any other material provided by the company to the commissioner in connection with the actuarial report, workpapers or actuarial opinion summary, shall be kept confidential by the commissioner and shall be confidential by law and privileged. Such information shall not be made public, shall not be subject to subpoena, shall not be subject to the Freedom of Information Act.

**Statement of purpose:**

The purpose of this regulation is to amend the current regulations regarding the property and casualty actuarial opinion provisions and provisions dealing with confidentiality. This regulation is required for the Insurance Department's accreditation by the NAIC.

**A. The problems, issues or circumstances that the regulation proposes to address.**

The proposed regulation makes the Connecticut regulation substantially similar to the NAIC Model Law on the Statement of Actuarial Opinion on Reserves and Supporting Documentation for Property Casualty Companies.

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Substantial similar law or regulation is a requirement of accreditation standards for the Connecticut Insurance Department.

**B. A summary of the main provisions of the regulation.**

The actuary providing a Statement of Actuarial Opinion must meet professional qualifications specific to property casualty insurance operations. The regulation requires a company to submit an additional confidential document (the actuarial opinion summary) to the Department with the actuary's point or range estimate of the company loss and loss adjustment expense reserves.

Supporting reports and workpapers in the possession of the Department are provided confidentiality protection.

**C. The legal effects of the regulation, including all ways that the regulation would change existing regulations or other laws.**

No other laws or regulations will be affected.

**CERTIFICATION**

R-39 REV. 1/77

Be it known that the foregoing:

Page 4 of 4 pages

Regulations  Emergency Regulations

Are:

Adopted  Amended as hereinabove stated  Repealed

By the aforesaid agency pursuant to:

Sections ~~38a-8 and 38a-53~~ \_\_\_\_\_ of the General Statutes.

Section \_\_\_\_\_ of the General Statutes, as amended by Public Act No. \_\_\_\_\_ of the \_\_\_\_\_ Public Acts.

Public Act No. \_\_\_\_\_ of the Public Acts.

After publication in the Connecticut Law Journal on May 19, 2009 \_\_\_\_\_ and \_\_\_\_\_ of the notice of the proposal to:

Adopt  Amend  Repeal such regulations

(If applicable):  And the holding of an advertised public hearing on \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

WHEREFORE, the foregoing regulations are hereby:

Adopted  Amended as hereinabove stated  Repealed

Effective:

When filed with the Secretary of the State.

(OR)

The \_\_\_\_\_ day of \_\_\_\_\_.

In Witness Whereof:	DATE <u>12/15/09</u>	SIGNED (Head of Board, Agency or Commission) <i>[Signature]</i>	OFFICIAL TITLE, DULY AUTHORIZED INSURANCE COMMISSIONER
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Approved by the Attorney General as to legal sufficiency In accordance with Sec. 4-169, as amended, C. G. S. :	SIGNED <i>[Signature]</i>	DATE <u>12/29/09</u>	OFFICIAL TITLE, DULY AUTHORIZED ASSOC. ATTY. GENERAL
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Approved

Disapproved

Disapproved in part, (Indicate Section Numbers disapproved only)

Rejected without prejudice.

By the Legislative Regulation Review Committee in accordance With Sec. 4-170, as amended, of the General Statutes.	DATE	SIGNED (Clerk of the Legislative Regulation Review Committee)
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Two certified copies received and filed, and one such copy forwarded to the Commission on Official Legal Publications  
In accordance with Section 4-172, as amended, of the General Statutes.

DATE	SIGNED (Secretary of the State.)	BY
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**INSTRUCTION**

- One copy of all regulations for adoption, amendment or repeal, except emergency regulations, must be presented to the Attorney General for his determination of legal sufficiency. Section 4-169 of the General Statutes.
  - Seventeen copies of all regulations for adoption, amendment or repeal, except emergency regulations, must be presented to the standing Legislative Regulation Review Committee for its approval. Section 4-170 of the General Statutes.
  - Each regulation must be in the form intended for publication and must include the appropriate regulation section number and section heading. Section 4-172 of the General Statutes.
- Indicate by "(NEW)" in heading if new regulation. Amended regulations must contain new language in capitol letters and deleted language in brackets. Section 4-170 of the General Statutes.