

## **11 NCAC 11F .0303 GENERAL REQUIREMENTS**

### **(a) Submission of Opinion:**

- (1) There shall be included on or attached to page 1 of the annual statement for each year beginning with calendar year 2004, the statement of an appointed actuary, entitled "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 Rule .0306 of this Section.
- (2) Upon written request by the company the Commissioner shall grant a 45-day extension of the date for submission of the opinion. In the written request, the company shall state the reason that such extension is needed.

### **(b) A "qualified actuary" is an individual who:**

- (1) Is a member in good standing of the American Academy of Actuaries;
- (2) Is qualified to sign opinions for life and health insurance company annual statements in accordance with the American Academy of Actuaries qualification standards for actuaries signing such opinions;
- (3) Is familiar with the valuation requirements applicable to life and health insurance companies;
- (4) Has not been found by the Commissioner (or if so found has subsequently been reinstated as a qualified actuary), to have:
  - (A) Violated any provision of, or any obligation imposed by, any law or rule in the course of his or her dealings as a qualified actuary;
  - (B) Been found by a court of competent jurisdiction to be guilty of a fraudulent or dishonest practice;
  - (C) Failed to comply with the Code of Professional Conduct as published by the Board;
  - (D) Submitted to the Commissioner during the past five years, under this Section, an opinion or memorandum that the Commissioner rejected because it did not meet the provisions of this Section, including standards set by the Board; or
  - (E) Resigned or been removed as an actuary within the past five years as a result of acts or omissions indicated in any adverse report on an examination or as a result of failure to adhere to generally acceptable actuarial standards; and
- (5) Has not failed to notify the Commissioner of any action taken by any insurance regulator of any other state similar to that under Subparagraph (b)(4) of this Rule.

(c) An "appointed actuary" is a qualified actuary who is appointed or retained to prepare the opinion required by this Section, either directly by or by the authority of the board of directors through an executive officer of the company. The company shall, within 45 days after the date of the appointment, give the Commissioner written notice of the name, title (and, in the case of a consulting actuary, the name of the firm), and manner of appointment or retention of each person appointed or retained by the company as an appointed actuary and shall state in such notice that the person meets the requirements of Paragraph (b) of this Rule. Once notice is furnished, no further notice is required for the actuary, provided that the company gives the Commissioner written notice if the actuary ceases to be appointed or retained as an appointed actuary or no longer meets the requirements of Paragraph (b) of this Rule. If any person appointed or retained as an appointed actuary replaces a previously appointed actuary, the notice shall so state and give the reasons for replacement.

### **(d) The asset adequacy analysis required by this Section:**

- (1) Shall conform to the standards of practice as promulgated from time to time by the Board and on any additional standards under this Section, which standards are to form the basis of the opinion in accordance with Rule .0306 of this Section; and
- (2) Shall be based on methods of analysis that are consistent with Actuarial Standards of Practice adopted by the Board.

### **(e) Liabilities to be Covered:**

- (1) The opinion shall apply to all in force business on the annual statement date regardless of when or where issued, e.g., aggregate reserves for life insurance and annuity policies and contracts, aggregate reserves for accident and health contracts, aggregate reserves for deposit-type contracts, and policy and contract claims liabilities for life and accident and health policies and contracts, and equivalent items in the separate account statement or statements.
- (2) If the appointed actuary determines as the result of asset adequacy analysis that a reserve should be held in addition to the aggregate reserve held by the company and calculated in accordance with methods set forth in G.S. 58-58-50(d), 58-58-50(d-1), 58-58-50(g), 58-58-50(h), and 58-58-50(k), the company shall establish such additional reserve.

- (3) Additional reserves established under Subparagraph (e)(2) of this Rule and deemed by a qualified actuary to be unnecessary in later years may be released. Any amounts released must be disclosed in the opinion for the applicable year. The release of such reserves is not an adoption of a lower standard of valuation.

*History Note: Authority G.S. 58-2-40; 58-58-50(i); 58-58-50(j);  
Eff. December 1, 1994;  
Amended Eff. August 1, 2004;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 20, 2015.*