

Title 23. Public Utilities and Regulated Industries
Chapter I. State Insurance Department, Department of Commerce
Subchapter A. Generally
Part 10. Actuaries

Codification Notes. This part as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Section 2. Authority

This Rule is issued pursuant to the authority vested in the Insurance Commissioner in Ark. Code Ann. §§ 23-61-108, 23-63-216, 23-71-103, 23-74-705, 23-75-102, 23-76-125, 23-91-224, and 25-15-202, et seq., and other applicable provisions of Arkansas law."

"Section 4. Effective Date

The provisions of this Rule shall be effective on September 2, 1991."

Subpart 1. Generally

23 CAR § 10-101. Purpose.

The purpose of this rule is to establish standards for the use of the terms "actuary" or "actuarial" by licensed insurers and to interpret certain provisions of Arkansas insurance laws and 23 CAR pt. 88 as they relate to the responsibilities of actuaries, with special consideration to the certification duties of actuaries as to the annual statements of:

- (1) Domestic insurers;
- (2) Hospital or medical service corporations;
- (3) Fraternal benefit societies; and
- (4) Health maintenance organizations.

Authority. Arkansas Code § 23-61-108.

23 CAR § 10-102. Applicability and scope.

This rule shall apply to all reports, statements, and other documents filed with the Insurance Commissioner or issued to the public in relation to the business of insurance by:

- (1) Licensed insurers;
- (2) Health maintenance organizations;
- (3) Fraternal benefit societies; and
- (4) Hospital and medical service corporations.

Authority. Arkansas Code § 23-61-108.

23 CAR § 10-103. Qualified actuary defined.

For the purpose of this rule, a qualified actuary includes:

- (1) A member of the American Academy of Actuaries;
- (2) With respect to matters involving property and casualty insurers, a member of the Casualty Actuarial Society;
- (3) With respect to matters involving pension plans, an "enrolled actuary"; or
- (4) An individual who has demonstrated to the satisfaction of the Insurance Commissioner that he or she has the educational background necessary for the practice of actuarial science and that he or she has had not less than seven (7) years actuarial experience.

Authority. Arkansas Code § 23-61-108.

Codification Notes. The term "enrolled actuary" as referred to in this section is defined in 20 C.F.R. § 901.1(g).

23 CAR § 10-104. Restriction of signing as actuary.

No report, statement, or document shall be filed with the Insurance Commissioner or issued to the public in relation to the business of insurance if it is signed by a person who represents himself or herself in such instrument to be an actuary unless such person signing as an actuary is a qualified actuary, as defined in 23 CAR § 10-103.

Authority. Arkansas Code § 23-61-108.

23 CAR § 10-105. Actuarial representation.

No person in any representation made to the public or to the Insurance Commissioner with respect to any matter subject to this rule shall use the word "actuary" or "actuarial" to indicate a degree, professional certification, or competence unless such representation was prepared or approved by a qualified actuary.

Authority. Arkansas Code § 23-61-108.

23 CAR § 10-106. Annual statements of domestic insurance companies.

(a) The provisions of this section shall apply only to domestic:

- (1) Insurers, including:
 - (A) Title insurers;
 - (B) Legal insurers; and
 - (C) Insurers transacting insurance on a stipulated premium plan basis;
- (2) Fraternal benefit societies;
- (3) Health maintenance organizations; and
- (4) Hospital and medical service corporations.

(b)(1) Arkansas Code §§ 23-63-216, 23-74-602, 23-76-113, and 23-91-215 provide that annual financial statements shall be on a form prescribed by the Insurance Commissioner.

(2) The form which is prescribed by the commissioner is the convention blank which has been developed by the National Association of Insurance Commissioners.

(c)(1) When the instructions for completion of the convention blank require that a statement of a qualified actuary setting forth his or her opinion as to actuarial items be included, the statement should be completed in accordance with those instructions and the provisions of this rule.

(2)(A) It is the responsibility of the company to provide this actuarial opinion.

(B) It may be obtained by the company from:

(i) An actuary employed by the company, on either a staff or consulting basis;

(ii) The State Insurance Department's actuary; or

(iii) Any consulting actuary retained by the department.

(3) The necessary information and data to render an opinion must be provided by the company, and the individual of the company responsible for this compilation must submit a statement to the department that the listings and summaries of policies in force and other information necessary to comply with this rule are complete and accurate to the best of his or her knowledge and belief.

Authority. Arkansas Code § 23-61-108.

Codification Notes. The convention blank referred to in this section is the annual statement convention blank produced by the National Association of Insurance Commissioners.

23 CAR § 10-107. Adverse or qualified opinions.

(a)(1) An adverse or qualified opinion is an indication that corrective action is necessary.

(2) As to plans for correction of the indicated problem, the Insurance Commissioner will question any company about which such an opinion is received, whether such opinion is rendered by:

(A) Its own staff;

(B) Its consultant; or

(C) The State Insurance Department.

(3) It is recommended that in any situation in which an actuary finds it necessary to give a qualified or adverse opinion, he or she should notify the company, then the department.

(b) If the department's actuary or consultant is unable to render an unqualified opinion, the department may require the company to obtain a separate opinion from another qualified actuary, which may be limited to the subject matter in question.

Authority. Arkansas Code § 23-61-108.

23 CAR § 10-108. Special provisions for certain domestic companies.

(a) The actuary valuing life business for domestic insurers for which there is no statutory basis for reserves should use any appropriate assumptions and methods to establish the true liability.

(b) He or she must, of course, be prepared to justify to the Insurance Commissioner his or her choice of assumptions and methods.

Authority. Arkansas Code § 23-61-108.

23 CAR § 10-109. Severability provision.

If any section or portion of a section of this rule or the application thereof to any person or circumstances is held invalid by a court, the remainder of this rule or the application of its provisions to other persons or circumstances shall not be affected.

Authority. Arkansas Code § 23-61-108.