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Statement of Actuarial Opinion

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 member in good standing of the Society of Actuaries; or
- (4) In the case of a health care center 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) “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) “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.
(Effective September 28, 1993; amended March 4, 2010)

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.

(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 subsection (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 to 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.

(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.

(d) Life insurance companies reporting life and/or accident and health premiums shall include as a attachment 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.

(Effective September 28, 1993; amended March 4, 2010)

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 of the Statement of Actuarial Opinion for seven years.

(b) 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 a review or examination 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, and shall not be subject to the Freedom of Information Act.

(Effective September 28, 1993; amended March 4, 2010)

Sec. 38a-53-4. Exemptions

(a) Upon written application of an insurer, the Commissioner may issue an exemption from compliance with the provisions of this regulation in the following instances:

(1) An insurer that has less than \$1,000,000 total direct plus assumed written premiums during a calendar year, or that has less than 1,000 policyholders or certificate holders at the end of a calendar year, in lieu of the certification required for the calendar year, may submit an affidavit under oath of an officer of the insurer that specifies that amount of direct, plus assumed, premiums written and the total number of policyholders and certificate holders. An insurer which intends to utilize this exemption shall submit a letter of intent to the insurance regulatory official in its domiciliary state no later than December 1 of the calendar year for which the exemption is to be claimed;

(2) An insurer which is under rehabilitation, liquidation, or any other delinquency proceeding ordered pursuant to a statutory provision unless ordered to make the report by the insurance regulatory official of its domiciliary state;

(3) An insurer writing property insurance only if the exemption is agreed to by the insurance regulatory official in the insurer's domiciliary state based on the nature of the business written;

(4) Filing the report would constitute financial hardship, which is presumed to exist for an insurer other than a health care center if the projected reasonable cost of the report would exceed the lesser of:

(A) One percent of the insurer's capital and surplus reflected in the insurer's annual statement for the calendar year for which the exemption is sought; or

(B) Three percent of the insurer's net direct plus assumed premiums written during the calendar year for which the exemption is sought as reflected in the insurer's annual statement filed with its insurance regulatory official of its domiciliary state.

(Effective September 28, 1993)