

Actuarial Opinion Guidance for Charitable Gift Annuity (CGA) Business

Section A: General Guidance

The statement of actuarial opinion submitted in accordance with RCW 48.38.010 (10)(b) should include the following information:

- (1) A paragraph identifying the qualified actuary and his or her qualifications to issue an actuarial opinion related to Charitable Gift Annuity (CGA) Business (see Section B(1));
- (2) A scope paragraph identifying the subjects on which an opinion is to be expressed and describing the scope of the qualified actuary's work, including but not limiting to the following:
 - A tabulation delineating the reserves and related actuarial items that have been analyzed and the method of analysis, (see Section B(2)), and
 - Identifying the reserves and related actuarial items covered by the opinion that have not been so analyzed, if any
- (3) A reliance paragraph describing those areas, if any, where the qualified actuary has deferred to other experts in developing data, procedures or assumptions, e.g., the underlying data on the annuity holders' age, sex, and type of annuity issued (see Section B(3)), supported by a statement of each such expert in the form outlined by Section C; and
- (4) An opinion paragraph expressing the qualified actuary's opinion with respect to the adequacy of the reserves (see Section B(5)).
- (5) Additional paragraphs should be included under the following circumstances:
 - (a) The qualified actuary considers it necessary to state a qualification of his or her opinion;
 - (b) The qualified actuary knows that the method of analysis changed from the previous year, in which case the opinion should include a notification or description of the change.;
 - (c) If additional reserves as of the prior opinion date are released as of this opinion date, and the extent of the release; or
 - (d) The qualified actuary chooses to add a paragraph briefly describing the assumptions that form the basis for the actuarial opinion.

Section B: Recommended Language

The following paragraphs should be included in the statement of actuarial opinion. Language is that which in typical circumstances should be included in a statement of actuarial opinion. The language may be modified as needed to meet the circumstances of a particular case. However, the qualified actuary must use language that clearly expresses his or her professional judgment. In any event the actuarial opinion should retain all pertinent aspects of the language provided here.

(1) The opening paragraph should generally indicate the qualified actuary's relationship to the company and his or her qualifications to sign the opinion. For example, the opening paragraph of the actuarial opinion could include a statement such as:

"I, [name], am [title] of [actuary's company name] and a member of the American Academy of Actuaries. I was assigned to certify the liabilities of [name of company conducting CGA business] by, or by the authority of [name of officer], [title], of [CGA company] to render this opinion to the commissioner dated [insert date, within sixty days of the end of the company's fiscal year]. I meet the Academy qualification standards for rendering the opinion and am familiar with the valuation requirements applicable to institutions conducting charitable gift annuity business in Washington state."

(2) The scope paragraph should include a statement such as:

"I have examined the actuarial assumptions and actuarial methods used in determining reserves and related actuarial items listed below, as shown in the annual report of [CGA company], as prepared for filing with the insurance commissioner of the State of Washington, as of [end date of the fiscal year].

If the qualified actuary has relied on other experts to develop certain portions of the analysis, the reliance paragraph should include a statement such as:

"I have relied on [name], [title] for [e.g., "appropriateness of currently owned assets" or "certain critical aspects of the analysis performed in conjunction with forming my opinion"], as certified in the attached statement. I have reviewed the information relied upon for reasonableness."

A statement of reliance on other experts should be accompanied by a statement by each of the experts in the form prescribed by Section C.

(3) If the qualified actuary has examined the underlying asset and liability records, the reliance paragraph should include a statement such as:

"My examination included such review of the actuarial assumptions and actuarial methods and of the underlying basic asset and liability records and such tests of the actuarial calculations as I considered necessary. I also reconciled the underlying basic asset and liability records to [exhibits and schedules listed as applicable] of the company's current annual report."

(4) If the qualified actuary has not examined the underlying records, but has relied upon data (e.g., listings and summaries of annuities in force or asset records) prepared by the company, the reliance paragraph should include a statement such as:

"In forming my opinion on the liabilities, I relied upon data prepared by [name and title of company officer certifying in force records or other data] as certified in the attached statements. I evaluated that data for reasonableness and consistency. I also reconciled that data to [exhibits and schedules to be listed as applicable] of the company's current annual report. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary."

The section shall be accompanied by a statement by each person relied upon as prescribed by Section C.

(5) The opinion paragraph should include a statement such as:

“In my opinion the reserves and related actuarial values concerning the report items identified above:

- (a) Are computed in accordance with presently accepted actuarial standards consistently applied and are in accordance with sound actuarial principles;
- (b) Are based on actuarial assumptions that produce reserves at least as great as those called for in any contract provision as to reserve basis and method, and are in accordance with all other contract provisions;
- (c) Meet the requirements of the Insurance Law and regulation of the State of Washington; and are at least as great as the minimum aggregate amounts required by the State of Washington;
- (d) Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual report of the preceding year-end (with any exceptions noted below); and
- (e) Include provision for all actuarial reserves and related report items which ought to be established.

The reserves and related items make adequate provision, according to presently accepted actuarial standards of practice, for the contractual obligations and related expenses of the company.

The actuarial methods, considerations and analyses used in forming my opinion conform to the appropriate Actuarial Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

This opinion is updated annually as required by statute.

[One of these two paragraphs should be included:]

- (i) To the best of my knowledge, there have been no material changes from the applicable date of the annual report to the date of the rendering of this opinion which should be considered in reviewing this opinion; or
- (ii) The following material changes which occurred between the date of the report for which this opinion is applicable and the date of this opinion should be considered in reviewing this opinion: [If this paragraph is included, an appropriate explanation and description should also be included or attached.]

The impact of unanticipated events subsequent to the date of this opinion is beyond the scope of this opinion. This opinion should be viewed recognizing that the company’s future experience may not follow all the assumptions used in the analysis.

Signature of Qualified Actuary

Telephone Number of Qualified Actuary

Date

Section C: Reliance on Information Furnished by Other Persons

If the qualified actuary relies on the certification of others on matters concerning the accuracy or completeness of any data underlying the actuarial opinion, or the appropriateness of any other information used by the qualified actuary in forming the actuarial opinion, the actuarial opinion should indicate the persons the actuary is relying upon and a precise identification of the items subject to reliance. In addition, the persons on whom the qualified actuary relies shall provide a certification that precisely identifies the items on which the person is providing information and a statement as to the accuracy, completeness or reasonableness, as applicable, of the items. This certification should include the signature, title, company, and telephone number of the person rendering the certification, as well as the date on which it is signed.