**Section 1408.40 General Requirements**

a) Submission of the Statement of Actuarial Opinion

1) There is to be included on or attached to Page 1 of the annual statement 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 Section 1408.70 and Illustration A of this Part.

2) Upon written request by the company, the Director may grant an extension of the date for submission of the statement of actuarial opinion.

b) Qualified Actuary

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 statements of actuarial opinion for life and health insurance company annual statements in accordance with the American Academy of Actuaries qualification standards for actuaries signing such statements;

3) Is familiar with the valuation requirements applicable to life and health insurance companies;

4) Has not been found by the Director (or if so found has subsequently been reinstated as a qualified actuary), following appropriate notice and hearing, to have:

A) violated any provision of, or any obligation imposed by, the Illinois Insurance Code or other law in the course of his or her dealings as a qualified actuary;

B) been found guilty of fraudulent or dishonest practices;

C) demonstrated his or her incompetency, lack of cooperation, or untrustworthiness to act as a qualified actuary;

D) submitted to the Director during the past 5 years, pursuant to this Part, an actuarial opinion or memorandum that the Director rejected because it did not meet the provisions of this Part, including standards set by the Actuarial Standards Board; or

E) resigned or been removed as an actuary within the past 5 years as a result of acts or omissions indicated in any adverse report of examination or as a result of failure to adhere to generally accepted actuarial standards; and

5) Has not failed to notify the Director of any action taken by any Director of any other state similar to that under subsection (b)(4).

c) Appointed Actuary

An "appointed actuary" is a qualified actuary who is appointed or retained to prepare the Statement of Actuarial Opinion required by this Part, either directly or by the authority of the board of directors through an executive officer of the company other than the qualified actuary. The company shall give the Director timely 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 the notice that the person meets the requirements set forth in subsection (b). Once notice is furnished, no further notice is required with respect to this person, provided that the company shall give the Director timely written notice in the event the actuary ceases to be appointed or retained as an appointed actuary or to meet the requirements set forth in subsection (b). 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) Standards for Asset Adequacy Analysis

The asset adequacy analysis required by this Part:

1) Shall conform to the Standards of Practice as promulgated from time to time by the Actuarial Standards Board and on any additional standards under this Part, which standards are to form the basis of the statement of actuarial opinion in accordance with Section 1408.70 and Illustration A of this Part; and

2) Shall be based on methods of analysis deemed appropriate for such purposes by the Actuarial Standards Board.

e) Liabilities to be Covered

1) Under Section 223(1a) of the Code, the statement of actuarial opinion shall apply to all in force business on the annual statement date, whether directly issued or assumed, regardless of when or where issued, including reserves of Exhibits 5, 6 and 7 and claim liabilities in Exhibit 8, Part 1 from the annual financial statement required by Section 136 of the Code 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 Section 223(3)(b), (f) and (g), (5) and (7) of the Code, the company shall establish the additional reserve.

3) Additional reserves established under subsection (e)(2), and deemed not necessary in subsequent years, may be released. Any amounts released shall be disclosed in the actuarial opinion for the applicable year. The release of such reserves shall not be deemed an adoption of a lower standard of valuation.

(Source: Amended at 32 Ill. Reg. 19670, effective January 1, 2009)