

# PAK Study Manual

Group Health Valuation and Regulation U.S.  
(GHVR U.S.) Exam  
Fall 2023 Edition



# PAK Study Manual for GHVR-U.S. Fall 2023



## PRODUCT FEATURES

Features	PAK Study Manual	PAK Exam Aid	PAK Flash Cards	PAK Study Manual Package
Summaries	X			X
Relevant Past Questions (List)	X			X
150+ Practice Questions	X			X
6 Mock Questions	X			X
Suggested Schedule (Detailed)	X			X
Email Support	X			X
30 Mock Questions		X		X
250+ Practice Questions		X		X
Past Questions (Sorted PDFs)		X		X
Electronic Flash Cards			X	X
Anki Flash Cards			X	X
Condensed Summary			X	X
Second-Attempt Guarantee (New)*				X

\* If students do not pass the exam, they can exercise the second-attempt guarantee and obtain free access on the updated materials for the GHVR-US exam in the Spring 2024 exam administration.



## **PAK STUDY MANUAL (Printed Copy Available)**

### **1. Summary \***

The PAK Study Manual covers the entire "Group and Health Valuation and Regulation (U.S.)" syllabus. Not only does it give you the detailed explanations on conceptual, calculation, and exam materials, but it also has worksheet examples to provide practice with resources that will be available in the exam room, and it fills in the gaps among the topics that are not covered in the source readings. It helps you better understand and master the confusing logics and difficult materials. In addition, it links the similar topics across readings together and connects them to the syllabus so that you can see the whole picture of this exam.

### **2. Relevant Past GHVR-US SOA Exam Questions (List)**

For each reading, I compose a list of relevant past exam questions (if any) so that you can locate the questions quickly and practice them immediately. This saves your time on searching what materials are relevant to this exam. This will be updated after each exam's SOA solution is provided.

### **3. 150+ Practice Questions**

One key point to pass this exam is to "practice" (Practice makes perfect!). Due to this reason, I include many practice questions in each reading (150+ in total) to refresh the materials just learnt and to strengthen your knowledge. More practice will be available in the PAK Exam Aid.

### **4. 6 Mock Exam Questions**

The mock exam questions mimic the same difficulty level of the real exam questions. 6 mock exam questions and solutions are included in the PAK Study Manual to challenge your understandings. More practice will be available in the PAK Exam Aid.

### **5. Suggested Study Schedule (Detailed)**

The syllabus is huge. It is very easy to lose track on your study. A clearly defined study schedule and some useful tips are included to help you better manage your schedule.

### **6. Email Support**

Get questions? Please send me an email.

#### NOTE

1. The printed copy of the manual includes the items with asterisk.

## **PAK FLASH CARDS (Printed Copy Available)**

### **1. Electronic Flash Cards\***

- ◇ Summarize the key points (PDF version is also available).
- ◇ Work best for any big-screen cellular phone or mp3 player (e.g. iPhone, Android, etc.).

### **2. Bonus: Anki Flash Cards**

- ◇ The purpose of the PAK Anki Flash Cards is to strengthen your memory on the materials in the syllabus. You can save them into your PC or Anki app and read them anytime and anywhere you want (e.g. in gym, in train, etc.).

### **3. Bonus: Electronic Condensed Summary**

- ◇ Summarize the key points in outline format.
- ◇ Quickly refresh all the important topics in the readings.
- ◇ Reduce the number of pages to review by roughly 50%.

### **DO YOU KNOW?**

The PAK Study Manual and related aids are updated EVERY exam sitting.

You will see the most updated materials, examples, and explanations to help you master the concepts and pass this exam in the first attempt.

## PAK EXAM AID

### 1. 30 Mock Exam Questions and Solutions

The mock exam questions mimic the same difficulty level of the real exam questions. 30 mock exam questions and solutions are included to challenge your understandings.

### 2. 250+ Practice Questions

One key point to pass this exam is to "practice" (Practice makes perfect!). Due to this reason, I include many practice questions in each reading (250+ in total) to refresh the materials just learnt and to strengthen your knowledge. Please note that this practice question set is not the same as the practice question set in the manual.

### 3. Past SOA Exam Questions (GHVR-US) Relevant to This Exam

This set not only includes the past exam questions from the GHVR-US exam, but also includes the sorted PDFs so that you can start reviewing the past exam questions immediately.

## DO YOU KNOW?

You can find the most updated information about the PAK Study Manual and related aids under the "Announcement" section on the front page of the PAK website.

## RELEASE SCHEDULE

Features	PAK Study Manual	PAK Exam Aid	PAK Flash Cards	PAK Study Manual Package
Summaries	6/15			6/15
Relevant Past Questions (List)	6/15			6/15
150+ Practice Questions	6/15			6/15
6 Mock Questions	6/15			6/15
Suggested Schedule (Detailed)	6/15			6/15
Email Support	Anytime			Anytime
30 Mock Questions		7/15		7/15
250+ Practice Questions		7/15		7/15
Past Questions (Sorted PDFs)		7/15		7/15
Electronic Flash Cards			7/15	7/15
Anki Flash Cards			7/15	7/15
Condensed Summary			7/15	7/15
Second-Attempt Guarantee (New)				Included



## PAK STUDY MANUAL PACKAGE

1. PAK Study Manual
2. PAK Flash Cards
3. PAK Exam Aid
- 4. Free access for 2nd attempt (New)**

## SAMPLES?

You can find more samples on the [PAK](#) website.

## IMPORTANT NOTES

1. Please note that all products are in electronic (PDF) format. **No** hard copy is provided.
2. Once you make a purchase (please use your work email address), we will send you a confirmation email within 1 business days. Once the files are available, we will send them to you through email. Please make sure that you put the correct email address when you purchase the PAK products. **If you do not receive the confirmation email, please send us an email ([services@pakstudymanual.com](mailto:services@pakstudymanual.com)).**
3. Please check your “junk” mailbox. Sometimes, our email is blocked.

## WHERE TO PURCHASE PAK PRODUCTS

The PAK products are available at [Actex](#), and [Actuarial Bookstore](#).

## COMMENTS FROM THE PAST CANDIDATES

You can find more comments from the past candidates here: [PAK Testimonials](#).

## MORE INFORMATION

Want more information about the **PAK Study Manual Package**? Please contact us at [timagnuson@pakstudymanual.com](mailto:timagnuson@pakstudymanual.com), or [services@pakstudymanual.com](mailto:services@pakstudymanual.com).

### DO YOU KNOW?

If you are not sure which exam track to take, or how it can advance your career, you can send an email to Francis or Eddy and discuss your situation with them. They will share their work experience with you so that you can make your decision informatively.

**Online Reading: ASOP 28 – Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets** (by ASB)

**Learning Outcomes**

The Candidate will be able to:

- Prepare financial statement entries in accordance with generally accepted accounting principles
- Interpret the results of both statutory and GAAP statements from the viewpoint of various stakeholders, including regulators, senior management, investors
- Project financial outcomes and recommend a strategy
- Apply applicable standards of practice

**ASOP 28 – Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets**

**Background**

**Background**

- The Actuarial Standards Board (ASB) originally adopted ASOP No. 28 in 1997 and revised it in 2011.
- The revisions were made regarding the development of the Health Annual Financial Statement Blank (successor to the Health Service Company Blank and the Health Maintenance Organization Blank) and the revised health actuarial opinion instructions approved by the NAIC Blanks Working Group in 2009.
  - The revision encompasses all statements of actuarial opinion regarding health insurance liabilities and assets.

**Key Changes**

- The 3 key changes are:
  1. ASOP No. 28 has been modified so that it applies to statements of actuarial opinion (SAOs) for health insurance liabilities and assets.
    - The change was made as a result of the 2010 updated to the NAIC Health Annual Statement Instructions, which requires the actuary to opine on assets which are actuarial items.
    - Modifications have been made to the title, scope, and definition sections to include these assets, and references to assets and liabilities are included throughout ASOP 28.
  2. Section 1.2, Scope, has been modified to clarify that ASOP 28 does not apply to actuaries preparing statements that are subject to ASOP 6, or ASOP 36, and it does not apply to life actuaries who are preparing opinions for life insurance companies, as they are subject to ASOP 22.
    - The scope has been clarified to indicate that actuaries preparing opinions subject to ASOP 28 may also be subject to ASOP 22.
  3. Section 4.1, Actuarial Communication, has been modified to make it clear that where the language prescribed by the NAIC for use in the NAIC Health Annual Statement is applicable and appropriate for the circumstances, but does not encompass every disclosure identified by ASOP No. 28.
    - The actuary may meet the requirements of the disclosure by either using non-prescribed language or by addressing different disclosures within the required detail actuarial memorandum.
- Section 4.2 has been modified to be consistent with the standard disclosure language required by the ASB for use in all ASOPs.
- Other key changes to ASOP 28 were made to add clarity to the standard when considering various comments.

**Section 1 – Purpose, Scope, Cross References, and Effective Date**

Category	Description
<b>Purpose</b>	<ul style="list-style-type: none"> <li>It provides guidance to the actuary when issuing a written SAO for both health insurance liabilities and assets.</li> </ul>
<b>Scope</b>	<ul style="list-style-type: none"> <li>The standard applies to actuaries when providing written SAO for actuarial liabilities and assets for health insurance or reinsurance companies and other health insurance finance systems under at least one of the following circumstances:               <ol style="list-style-type: none"> <li>The statement of AO is prepared to follow NAIC Health Annual Statement instructions;</li> <li>The statement of AO is prescribed by law or regulation;</li> <li>The statement is prepared to fulfill contractual obligations or the principal, including reviewing the work product of another actuary; or</li> <li>The statement of AO is represented by the actuary as being in compliance with this standard.</li> </ol> </li> <li>This standard does not apply to actuaries preparing an AO that is subject to ASOP 6 or ASOP 36.</li> <li>This standard does apply to actuaries preparing an AO for life insurance companies regarding health insurance liabilities and assets.</li> <li>ASOP 22 may also apply.</li> <li>If the actuary departs from the guidance in this standard to comply with applicable law or for any other reason the actuary considers appropriate, the actuary should refer to section 4.</li> </ul>
<b>Cross References</b>	<ul style="list-style-type: none"> <li>When this standard refers to provisions of other documents, the reference includes the referenced documents as they may be amended or restated in the future, and any following document, by any name.</li> <li>If any amended or restated document differs from the original, the actuary should consider the guidance in this standard as far as it is applicable and appropriate.</li> </ul>
<b>Effective Date</b>	<ul style="list-style-type: none"> <li>This standard is effective for all statements of AO for health insurance liabilities rendered on or after December 31, 2011.</li> </ul>

**Section 2 – Definitions**

Term	Description
<b>Actuarial Memorandum</b>	<ul style="list-style-type: none"> <li>A document that provides information regarding the analyses completed.</li> </ul>
<b>Claim</b>	<ul style="list-style-type: none"> <li>A demand for payment under the coverage provided by a plan/contract.</li> </ul>
<b>Contract Reserve</b>	<ul style="list-style-type: none"> <li>A liability established when a portion of the premium due before the valuation date is designed to pay all or a portion of the claims expected to occur after the valuation date (can also be called an active life reserve or a policy reserve).</li> <li>A contract reserve may include a provision for unearned premiums.</li> </ul>
<b>Health Benefit Plan</b>	<ul style="list-style-type: none"> <li>A contract or arrangement providing medical, prescription drug, dental, vision, disability income, accidental death and dismemberment, long-</li> </ul>

Term	Description
	term care, or other health-related benefits, either on a reimbursement, indemnity, or service benefit basis.
<b>Health Insurance Asset (Asset)</b>	<ul style="list-style-type: none"> <li>An amount recorded in financial statements or accounting systems to reflect health benefit plan receivables values using actuarial approaches for estimations.</li> <li>Common examples are pharmacy rebate receivables, provider settlement receivables and Medicare Part D settlement receivables.</li> </ul>
<b>Health Insurance Liability (Liability)</b>	<ul style="list-style-type: none"> <li>An amount recorded in financial statements or accounting systems to reflect health benefit plan obligations, including amounts that are recorded as \$0.</li> <li>Common examples are health claims in course of settlement, health claims incurred but not yet reported, liabilities for settlements of provider contracts, contract reserves, experience refund liabilities, premium deficiency reserves, premium stabilization reserves, reserves for amounts not yet due, and liabilities for reinsurance payable.</li> </ul>
<b>Loss Adjustment Expense</b>	<ul style="list-style-type: none"> <li>The cost of administering, determining coverage for, settling or defending claims even if it is determined that the claim is invalid.</li> <li>Also known as "claims adjustment expense."</li> </ul>
<b>Moderately Adverse Conditions</b>	<ul style="list-style-type: none"> <li>Conditions that may have one or more unfavorable, but not extreme, events that have a reasonable chance of occurring during the testing period.</li> </ul>
<b>Qualified Actuary</b>	<ul style="list-style-type: none"> <li>An actuary meeting the qualifications set by applicable law, regulation, insurance blank instructions or requirements defined by a licensing organization requiring an opinion of health insurance liabilities, and the American Academy of Actuaries' <i>Qualification Standards for Actuaries Issuing Statements of Opinion in the United States</i>.</li> </ul>
<b>Provision for Adverse Deviation (PAD)</b>	<ul style="list-style-type: none"> <li>An explicit amount for uncertainty in an asset or liability.</li> <li>May be called a Provision for Uncertainty or a Margin for Uncertainty.</li> </ul>
<b>Statement of Actuarial Opinion</b>	<ul style="list-style-type: none"> <li>An opinion by an actuary while performing actuarial services and intended by the actuary to be relied upon by the person or organization that the opinion is addressed to.</li> </ul>
<b>Valuation Date</b>	<ul style="list-style-type: none"> <li>Date for which the AO is provided.</li> </ul>

**Section 3 – Analysis of Issues and Recommended Practices**

**Legal, Regulatory, and Contractual Requirements**

- When an actuary prepares a SAO, the actuary should have the required knowledge to comply with specific requirements of law, or regulatory authorities, and of the principal to whom the opinion is expressed.
- In the opinion is prepared subject to contractual requirements, the actuary should have the knowledge needed to meet the requirements of the principal.

**Purpose of the SAO**

- The actuary should identify the intended purpose of the SAO.
  - Example: the purpose may be to satisfy the requirements for an opinion under the NAIC Health Annual Statement instructions.

**Liabilities and Assets being Opined Upon**

- The actuary should identify the following liabilities and assets that the opinion is being prepared for:
  - The liability and asset amount(s);



- b. The valuation date; and
- c. The accounting standards applicable (US SAP/STAT, US GAAP, IFRS, etc.)

### **Stated Basis of Liability and Asset Presentation**

- The actuary should identify the stated basis of liability and asset presentation, which is a description of the nature of the amounts often found in the financial statement and footnotes and disclosures.
- The stated basis depends on regulatory or accounting requirements, including:
  - a. If the amounts are gross or net of specified recoverables (i.e., ceded reinsurance or salvage and subrogation), and follow any requirements for the treatment of these amounts specified by an accounting method;
  - b. Types of loss adjustment expenses covered;
  - c. When the opinion is limited to only a portion of the liability or asset provision, the claims exposure to be covered by the liability; and
  - d. Any other items that the actuary deems needed to describe the amounts sufficiently for the actuary's evaluation of the liabilities.
- If the actuary does not know any of the above items, the actuary should request this information from the principal.
- If unable to get this from the principal, the actuary should identify what the actuary assumed to be the intended basis of the liability presentation for purposes of the liability evaluation.

### **Scope of the Analysis Underlying the SAO**

- The actuary should identify the scope of the analysis the opinion is based on, which includes the following:
  - a. The date of the data that underlies the actuary's analysis;
  - b. The date of the actuary's analysis, as far as it differs from the date the opinion is signed;
  - c. If separate amounts for different liability and assets, items like unpaid claim liabilities, premium deficiency reserves, active life reserves (ALR), or pharmacy rebate receivables are disclosed in the SAO, whether the actuary's opinion applies to those items in aggregate or individually; and
  - d. Any other items that, in the actuary's professional judgment, are needed to describe the scope of the analysis.

### **Materiality**

- The actuary should evaluate materiality based on the actuary's professional judgment, applicable materiality guidelines or standards, and the intended purpose for the actuary preparing the SAO.
- The actuary should understand which financial values are important to the intended users of the SAO and how those values are likely to be impacted by changes in the liabilities or assets.

### **Liability and Asset Evaluation**

- The actuary should consider the amount to be reasonable if it is in a range of estimates that could be produced by analysis that is, in the actuary's professional judgment, consistent with either ASOP 5 or ASOP 42 (both ASOPs in Section 1).
- The actuary should consider relevant past, present, or reasonably foreseeable future conditions that are likely to impact the amounts being established.
- A significant element in selecting actuarial assumptions and methods is considering the policy and contract provisions impacting the liabilities or assets.
  - The actuary's judgment in creating actuarial assumptions and methods should consider the specific characteristics of the policy and contract provisions impact the items that the actuary is making an opinion on.
- When the actuary opines that the liabilities make good and sufficient provisions, the actuary should also include a PAD, and the PAD should result in amounts that are sufficient to cover obligations under moderately adverse conditions.
  - Even if the specific language "good and sufficient" is not needed, the actuary may determine that a PAD should be included.

- If the actuary makes use of other personnel in the actuary's control to fulfill this assignment, the actuary should review their contributions and be satisfied that they are reasonable.
- The actuary may create estimates of the unpaid claims for all or a portion of the liability to make use of another's unpaid claims estimate analysis or opinion for all or a portion of the liability.

#### Evaluation Based on Actuary's Estimate of Unpaid Claim or Other Liabilities or Assets

- When developing estimates to evaluate the reasonableness of an amount, the actuary may create a point estimate, a range of estimates, or both.
- The actuary should be guided by ASOP 5 for the development of unpaid claim estimates, and ASOP 42 for development of liabilities other than unpaid claims.

#### Evaluation Based on the Actuary's Use of Another's Estimates or Opinions

- While conducting a liability or asset evaluation, the actuary may make use of another's supporting analyses or opinions, and actuary should understand the intended purpose of these, and assess if the analyses or opinions are consistent with the stated purpose of the presentation of the liabilities or assets.
- The actuary should use another's analyses or opinions if it is deemed reasonable to do so, but the actuary needs to consider the amount of the liabilities or assets covered by the others' analyses in comparison to the total liabilities or assets subject to the actuary's opinion.
- If the reviewed analyses or opinions need to be modified or expanded, the actuary should perform additional analyses as needed to render an opinion.

#### Prior Opinion

- If the actuary prepared the most recent opinion, or, if the actuary can review the prior opinion, then the actuary should determine if the current assumptions, procedures, or methods are different from those used in the most recent opinion.
  - If the current assumptions, procedures, or methods is different from those used in the prior opinion, the actuary should consider if the changes are due to an estimate that is materially different.
- The use of assumptions, procedures, or methods for new liability segments or asset amounts is not a change in assumptions, procedures, or methods in the meaning of this section.
  - When the reasonableness of the liability or asset is based on the updating of experience data, factors, or weights, these updates are not a change to the assumptions, procedures, or methods in the meaning of this section.

#### Adverse Deviation

- The actuary should consider if there are significant risks and uncertainties that could make future paid amounts materially greater than those provided for in the liabilities or future amounts received being materially less than those provided for in the assets.
- If the actuary's analysis creates separate liability or asset estimates for different segments or groupings, the actuary should consider the combined risks and uncertainties.
- Generally, with a PAD, the provision should increase as the level of uncertainty increases.

#### Collectability of Ceded Reinsurance

- If the scope of the SAO includes liabilities net of ceded reinsurance and the amount of ceded reinsurance is material, the actuary should consider the collectability in evaluating net liabilities.
- The actuary should get information from management regarding collectability problems, significant disputes with reinsurers, and practices regarding provisions for uncollectible reinsurance.
  - The consideration of collectability does not imply an opinion on the financial condition of any reinsurer.

#### Statements of Actuarial Opinion

- The SAO should be one of the following types:

- a. Unqualified Opinion – when an actuary is preparing an opinion to comply with NAIC Health Annual Statement instructions, an unqualified opinion represents that the reserve amount makes good and sufficient provision for the specified liabilities.
  - In forming an opinion if the actuarial items “make good and sufficient provision for all unpaid claims and other actuarial liabilities,” the actuary should be satisfied that the actuarial judgments made given recognition to any relevant factors, including the time over which the liabilities extend.
  - The actuary is giving an opinion on the reasonableness of the aggregate liabilities and assets.
  - The actuary should be satisfied that the liabilities, assets, and related items opined on make reasonable provision to cover obligations under moderately adverse conditions.
  - In other situations, the actuary may provide an unqualified opinion if the liability and asset amounts are reasonable for the intended purpose, and the actuary should explicitly state in the opinion or supporting memorandum whether a PAD has been included in determining the reasonableness of the liability or asset.
- b. Adverse Opinion – the actuary should issue an adverse opinion when the aggregate amount set is not enough for the actuary to provide an unqualified opinion.
  - In other circumstances, the actuary should provide an adverse opinion when the liabilities fall outside a reasonable range for the specified purpose.
- c. Qualified Opinion – the actuary should issue a qualified SAO if, in the actuary’s opinion, the liability or asset for certain items are in questions because they cannot be reasonably estimated or when the actuary is unable to render an opinion on the liabilities or assets for those items.
  - The actuary should determine if the total amount makes a reasonable provision for the specified items other than the items that the qualification relates to.
  - The actuary is not required to issue a qualified opinion if the actuary reasonably believes that the items in question are not material.
- d. Inconclusive Opinion – the actuary’s ability to give an opinion is dependent on data, analyses, assumptions, and related information that are enough to support a conclusion.
  - If the actuary cannot reach a conclusion due to deficiencies or limits in the data, analyses, assumptions, or related information, then the actuary should issue an inconclusive opinion.
  - A statement of an inconclusive opinion should have a description of the reasons the opinion was inconclusive.

#### **Adequacy of Assets Supporting Liabilities**

- This standard does not for the actuary to undertake an evaluation of the adequacy of the assets supporting the stated liability amounts except as is needed to comply with applicable law, regulatory requirements, or other ASOP.
- Guidance on the analysis of cash flows is found in ASOP 7 (Section 1).
- Guidance on statements of opinion based on asset adequacy analysis is found in ASOP 22 (Section 1).

#### **Documentation**

- The actuary should consider the intended purpose of the SAO when documenting work and should refer to ASOP 41 (Section 1).
  - When the statement is provided to meet regulatory requirements, the actuary should follow the detailed requirements of the regulators as to the form and content of the supporting reports and documentation.
- The documentation should provide enough detail to allow another qualified actuary to understand and evaluate the methods and analyses of the opining actuary.
  - Specific guidance on the content of an actuarial memorandum that documents the analyses supporting the SAO prepared to comply with the NAIC requirements is found in the NAIC Health Annual Statement instructions.

## Section 4 – Communications and Disclosures

### Actuarial Communications

- When issuing a SAO subject to this ASOP, the actuary should consider the intended purpose and be guided by ASOP 41.
  - The actuary should also provide reports, opinions, and memoranda as needed by applicable law.
- When the SAO is prepared to meet the requirements of the NAIC Health Annual Statement, prescribed language is published by the NAIC and any changes to that language needs to be identified.
  - Where the prescribed language is appropriate for the circumstances of the opinion but does not cover every disclosure found in this ASOP, the actuary may choose non-prescribed language in the opinion or may meet the disclosure requirements of this ASOP by addressing the various disclosures within the required detailed supporting actuarial memorandum.
- Consistent with the intended purpose, the actuary should include the following in the SAO:
  - a. The words “statement of actuarial opinion,” or alternative words with similar meanings if required by law or regulation, in the title of the written opinion;
  - b. The intended user(s) of the SAO;
  - c. The intended purpose of the SAO, as described above;
  - d. The liabilities being opined upon, as described above;
  - e. The stated basis of the amounts presented, as described above.
    - In certain circumstances, referring to specific financial statement liability figures and their specific source would satisfy the disclosure requirements.
  - f. The scope of the analysis underlying the SAO as described above and the review date if different from the date the opinion is signed; and
  - g. The type of opinion, as outlined above.

### Disclosures

- The actuary should include the following, if applicable, in an actuarial communication:
  - a. The disclosure in ASOP 41, if any material assumption or method was prescribed by applicable law (statutes, regulations, and other legally binding authority);
  - b. The disclosure in ASOP 41, if the actuary states reliance on other sources and disclaims responsibility for any material assumption or method selected by someone other than the actuary; and
  - c. The disclosure in ASOP 41, if in the actuary's professional judgment, the actuary has deviated from the guidance of this ASOP.

### Additional Disclosures

- In some situations, consistent with the intended purpose, the actuary may need to make the following disclosures:
  - a. The actuary should disclose the nature of changes in assumptions, procedures, or methods from those used in the most recent prior opinion prepared by following this standard, unless the actuary decides that changes are not likely to have a material impact on the actuary's estimate.
    - This standard does not require the actuary to quantify the impact of these changes.
    - If the actuary cannot review the prior actuary's work, then the actuary should disclose that the prior assumptions, procedures, and methods are unknown.
  - b. If the actuary determines that the liability or asset amount is understated, the actuary should disclose the minimum amount that the actuary believes is reasonable.
  - c. If the actuary determines that the liability or asset amount is overstated, the actuary should disclose the maximum amount believed to be reasonable.

- d. If the actuary issues a qualified opinion, the actuary should disclose in the opinion the item(s) that the qualification relates to, the reasons for the qualification, and the amount for these items if they are disclosed by the entity.
  - If the amounts are not disclosed by the entity, the actuary should disclose that the liability or asset includes unknown amounts.
  - The actuary should also disclose if the amounts make a reasonable provision for the specified liabilities and assets, other than the item(s) that the qualification relates to.
- e. If the actuary relies on another person or firm for any aspect of the data or analysis supporting the opinion, the actuary should disclose this reliance.
  - The actuary should identify the specific types of liabilities or assets that were based on data from others and specify that the data was examined for reasonableness and consistency.
  - The actuary should identify the individual(s) responsible for the data or analysis.
- f. If the actuary reasonably believes that there are significant risks and uncertainties that could create a material adverse deviation, an explanation should be included in the SAO.
  - This explanatory paragraph should have a description of the major factors or conditions underlying risks and uncertainties that the actuary believes could create a material adverse deviation, and the amount of adverse deviation that the actuary deems to be material regarding the SAO.
  - The actuary is not required to include in the explanatory paragraph general, broad statements about risks from economic changes, judicial decisions, regulatory actions, etc., nor is the actuary required to include an exhaustive list of all potential sources of risk or uncertainty.
- g. If the liabilities being opined about are net of ceded reinsurance and the amount of ceded reinsurance is material, the actuary should comment on the collectability of that reinsurance.
  - This standard does not require the actuary to quantify the collectability.
- h. When the statement is provided to meet regulatory requirements, the actuary should follow the details specified by the regulators for the form and content of the required disclosures, to the extent not addressed above.