

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

June 4, 2018

2. Department

California Department of Insurance

3. Organizational Placement (Division/Branch/Office Name)

Financial Surveillance Branch - Life Actuarial Office

4. CEA Position Title

Chief Actuary, CEA B

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

The California Department of Insurance (CDI) is requesting the reclassification of the current Comma Career Executive Assignment (CEA) position to a CEA, Level B, position as part of the Civil Service Improvement Classification Consolidation effort.

6. Reports to: (Class Title/Level)

Deputy Commissioner, CEA C

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain):

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

Under general direction of the Deputy Commissioner of the Financial Surveillance Branch (FSB), the CEA will formulate actuarial policy for the FSB, perform highly skilled actuarial analysis, and manage the work of the Life Actuarial Office staff. The CEA will implement Department administrative policies and administer compliance with labor contracts.

The incumbent will direct and monitor the work of the program, particularly with respect to the issuance of valuation certificates, review of actuarial opinions and asset adequacy reports, policy filings, long-term care insurance rate filings, and long-term care reserve reviews, as well as the review of valuation and non-forfeiture values.

The incumbent will review reports of Actuaries participating in field examinations on behalf of the Department and respond to questions that are raised in connection with field examinations and/or in-house financial reviews. He/she will act as a special witness for the Department on actuarial matters including those involving policy forms, non-forfeiture values, long-term care rate and solvency matters, and actuarial asset adequacy reviews. The incumbent will provide actuarial consultation within the Department and on occasion to other agencies on life insurance actuarial matters.

The CEA will provide policy and technical direction to support staff, particularly in the areas of actuarial asset adequacy reviews, non-forfeiture values, insurance policy design, long-term care insurance rates, and long-term care insurance solvency reviews; participate and represent the Insurance Commissioner on committees, subcommittee task forces, and working groups of the National Association of Insurance Commissioners (NAIC); and issue periodic memorandum or notices to insurance companies regarding actuarial matters.

The CEA will identify problem insurers and participate in the analysis of the financial stability of such companies. In addition, he/she will review proposed legislation and provide feedback on the benefits and/or adverse impact on the insurance consumer and insurance industry.

The CEA will perform administrative duties related to hiring, training, and evaluating staff, and work on special actuarial technical and policy related projects.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: FSB is responsible for conducting risk-focused surveillance over insurance companies licensed in California. This surveillance is crucial to protecting California insurance consumers and the insurance industry which is directly related to CDI's mission and goals.

With insurance companies increasingly turning to more complex programs and systems to run their business operations, including new "first principles" approaches to long-term care reviews and more complex modeling methods being used for cash-flow testing, the analysis and review of their business processes and practices has become more complex and the need for highly experienced personnel has increased.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

As part of the Civil Service Improvement Classification Consolidation effort, CDI has committed to abolishing departmental specific actuarial CEA classifications (Class Code 5406) and converting them to traditional policy setting CEA positions (Class Code 7500).

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

Provide policy and technical direction on a statewide basis in the areas of:

1) Review of Actuarial Opinions and Asset Adequacy Analyses

California has developed its own Holiday Letter to supplement the NAIC's standard Regulatory Asset Adequacy Issues Summary. This enhances California's efficiency in identifying anomalies and targeting follow-up with in-depth review of Actuarial Memoranda as needed. The position will review insurer cash-flow testing, which includes complex modeling of both assets and liabilities.

2) Non-Forfeiture Values and Policy Form Review

Review filed policy forms and ensure compliance with non-forfeiture laws and review new life insurance policy forms to ensure they provide values no lower than those required by law. Ensure products and features add value for the insurance consumer.

3) Long-Term Care Insurance Rates

Review filed long-term care insurance rates, including support for the rate level and review of alternatives, such as reduced benefit levels offered to the insured in lieu of rate increases. Actively participate at NAIC on long-term care rate related issues. Work with NAIC toward consistency of review.

4) Long-Term Care Insurance Solvency

Actively participate at NAIC on long-term care solvency related issues, including the development of new Actuarial Guidelines. Work with NAIC valuation-focused working groups to scrutinize this complex line.

C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

The CEA will formulate actuarial policy for the FSB and implement administrative policies and administer compliance with labor contracts.

The CEA will direct and monitor the work of the program focusing on issuance of valuation certificates, and review of actuarial opinions and asset adequacy reports, policy forms and non-forfeiture values, long-term care rate and solvency issues.

The CEA will provide policy and technical direction directly related to actuarial asset adequacy testing, non-forfeiture values, insurance policy design, policy forms, long-term care insurance rates, and long-term care solvency review. He/she will participate and represent the Insurance Commissioner on committees, subcommittees task forces, and working groups of the NAIC.

The CEA will be responsible for participating in the analysis of the financial stability of insurance companies, as well as for reviewing and providing feedback on proposed legislation to determine if the impact to the insurance consumer and insurance industry is beneficial or adverse.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

Yes. As the field of actuarial science continues to evolve and the insurance industry continues to develop diverse new programs and processes for doing business that are increasingly complex and sophisticated, the CEA position will need to monitor, adjust as needed, and implement changes to existing policy to continue to provide protection to the consumers of California. The CEA will need to continually monitor industry and actuarial trends and advances, provide guidance to the FSB actuarial staff and executive level staff in adjusting current policy, and develop and implement new policy.