



Actuarial Board for Counseling and Discipline

Southeast Actuaries' Club
Annual Meeting
Charlotte, NC

THE ABCDs of PROFESSIONALISM

David Ogden
November 17, 2017



Introduction

- I have been on the ABCD since 2014
- Any comments/opinions made are mine and not those of the ABCD.





Agenda

- Background on ABCD
- Discipline Process
- ASOP 41





Actuarial Board for Counseling and Discipline

ABCD was established in 1991 by the U.S. actuarial organizations to

- **Investigate** alleged violations of the Code of Professional Conduct by members and recommend discipline
- **Counsel** (provide guidance to) members
- **Mediate** disputes between members and others.



ABCD Membership in 2017

Appointed by Selection Committee (Presidents and Presidents-elect of U.S. organizations)

Member	Area of Practice
Richard A. Block, Chairperson	Retirement
David F. Ogden, Vice Chairperson	Health
Debbie Rosenberg, Vice Chairperson	Casualty
Janet M. Carstens	Health
David L. Driscoll	Retirement
Godfrey Perrott	Life
Allan W. Ryan	Life
John T. Stokesbury	Retirement
John P. Tierney	Casualty



ABCD Processes

- Follow Article X of AAA bylaws and ABCD Rules of Procedure
- All ABCD inquiries, guidance and mediation confidential, unless
 - Actuary makes public or agrees to publication
 - Court requires disclosure
 - Redacted, generic situation used for educational purposes



An ABCD Inquiry

- Is a fact-finding effort, not an adversarial forum
- Examines whether or not an actuary materially violated the Code of Professional Conduct
- Does **not** administer discipline, but may **recommend** a level of discipline to an actuary's membership organizations



U.S. Code of Professional Conduct

- The revised U.S. Code of Professional Conduct (“Code”) was adopted by the five U.S.-based actuarial organizations (Academy, ASPPA, CAS, CCA, SOA), and took effect 1 January 2001.
- The Code sets forth professional/ethical standards for actuarial members of the five U.S.-based actuarial organizations.





U.S. Code of Professional Conduct

- The Code contains 14 Precepts, along with annotations providing further guidance on adhering to the Precepts.
- The Precepts are standards that must be followed by credentialed actuaries who are members of one of the U.S.-based organizations or whose member organizations require their members to follow the U.S. Code.





U.S. Code of Professional Conduct

Precept 1 Professional Integrity

Precept 2 Qualification Standards

Precept 3 Standards of Practice

Precept 4 Actuarial Communications

Precept 5 Principal

Precept 6 Disclosure

Precept 7 Conflict of Interest





U.S. Code of Professional Conduct

- Precept 8 Control of Work Product
- Precept 9 Confidentiality
- Precept 10 Courtesy and Cooperation
- Precept 11 Advertising
- Precept 12 Titles and Designations
- Precept 13 Knowledge of Violation
- Precept 14 Cooperation with ABCD



Request for Guidance

- Private guidance by ABCD member
 - Expresses member's own opinion
- Private guidance by ABCD
 - Expresses views of board
- Public guidance by ABCD
 - At request or agreement of actuary(ies)
 - Provides guidance to profession
 - Expresses views of board
 - Most recent ASOP 6 guidance Nov 2016



Request for Guidance

Example RFG Topics

- How do I know if I am qualified?
- How can I become qualified?
- How can I do a job that involves more than one area of expertise?
- How much can I rely on my supervisor?
- How much can I rely on my staff?
- How much documentation of my work should I save?
What if I leave my company?
- When should I refuse an assignment?
- When should I make a complaint about another actuary?
- When is a violation of the Code material?
- When is a violation of the Code resolved?



Mediation

- If all parties agree
- Facilitate resolution of issue without inquiry





2016 Caseload

- 108 Requests for Guidance
- 33 Discipline cases
 - 20 pension
 - 4 life
 - 6 casualty
 - 3 health
 - Evenly split between conduct and practice



ABCD Inquiry

- Based on complaint from individual, typically
 - Client
 - Regulator
 - Other actuary
- At ABCD's initiative
 - Based on public document that suggests possible violation



ABCD Inquiry

- **Step 1: Initiation of Inquiry**
 - Complaint received
 - Reviewed by staff for completeness
 - Information based
 - Chairs review public document and decide to proceed
 - Sent to Subject Actuary for response



ABCD Inquiry

- **Step 2: Chairs' review**
 - Chairs evaluate for possible material violation
 - Chairs decide whether to
 - Seek additional information
 - Dismiss complaint
 - Offer mediation
 - Commence investigation
 - Notify Subject Actuary, Complainant and ABCD





ABCD Inquiry

- **Step 3: Investigation**
 - Appoint Investigator, subject to challenge
 - Investigator
 - obtains and reviews documents,
 - interviews individuals involved,
 - prepares report of results, i.e. facts as investigator understands them
 - Report sent to Subject Actuary for response



ABCD Inquiry

- **Step 4: ABCD consideration**
 - ABCD decides whether to
 - Seek additional information
 - Dismiss (with/without guidance)
 - Counsel the actuary
 - Conduct a hearing
 - Subject Actuary, Complainant, Investigator notified of decision



ABCD Inquiry

- **Step 5: Hearing**(if so decided)
 - Conduct fact finding hearing attended by
 - Investigator
 - Subject actuary
 - Hearing is recorded by a court reporter
 - Investigator presents results
 - ABCD and actuary question investigator
 - Actuary presents case
 - ABCD questions actuary



ABCD Inquiry

- **Step 6: Deliberations**
 - ABCD discusses hearing and documents
 - Decides whether to
 - Dismiss
 - Counsel
 - Recommend discipline
 - Obtain more information, reopen hearing



ABCDEF Inquiry

- **Step 7: Notification**
 - Notify Subject Actuary, Complainant and Investigator of decision
 - If discipline is recommended, transmit to appropriate organization(s)
 - Statement of ABCDEF findings
 - All documents used by ABCDEF
 - Transcript of hearing



ABCD Inquiry

- **Step 8: Member Organizations**
 - May decide to
 - Impose recommended discipline
 - Impose greater level of discipline
 - Impose lower level of discipline or none





Disposition of matters brought before the ABCD

Since its inception in 1992, the ABCD has completed its cases as follows:

Dispositions	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Dismissed	12	24	9	11	8	11	13	10	5	20	16	7	5
Dismissed With Guidance	6	10	3	–	5	1	5	2	8	5	4	2	2
Counseled	–	2	8	1	6	2	5	–	2	3	2	4	1
Mediated	3	1	1	–	–	–	–	1	–	4	–	1	–
Recommended Private Reprimand	–	–	–	–	–	–	–	–	1	1	–	–	–
Recommended Public Discipline	–	1	2	–	3	–	1	–	3	–	–	1	–
Request for Guidance	8	8	8	10	28	31	22	31	36	21	47	30	46
Total	29	46	31	22	50	45	46	44	55	54	69	45	54

Dispositions	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	TOTAL
Dismissed	5	1	5	11	29	16	9	48	10	19	11	9	324
Dismissed With Guidance	4	1	–	1	5	1	2	1	2	10	–	1	81
Counseled	4	3	1	2	–	–	–	2	8	4	3	2	65
Mediated	–	–	1	1	–	–	–	–	–	–	–	–	12
Recommended Private Reprimand	–	–	–	1	–	2	–	1	–	–	–	–	6
Recommended Public Discipline	2	1	1	3	2	3	2	4	2	4	1	2	38
Request for Guidance	37	31	35	48	46	55	55	62	82	90	96	108	1,071
Total	52	37	43	66	82	77	68	118	104	127	111	122	1,597



ASOP 41 – Actuarial Communications

- Selected parts of ASOP 41, not necessarily the most important. Most of the wording is paraphrased, not quoted.
- 2 – Definitions
 - Actuarial Communications
 - Actuarial Document
 - Actuarial Report
- 3.2 – Actuarial report should be completed if the findings are intended to be relied upon



ASOP 41

- 3.4 – Disclosures in report
 - Reliance on others
 - Responsibility for assumptions/methods(3.4.4)
 - Actuary assumed responsible unless states otherwise. Then:
 - If agree with assumption, need not add anything
 - If disagree must say so
 - If are unable to judge assumption, must say so
- 3.6 – Oral Communications
- 3.7 – Responsibility to others
 - Recognize that the actuarial document could be used by other than the intended user



- 4 – Communications and Disclosures
 - 4.1 – Disclosures
 - Intended users
 - Scope and purpose
 - Risk/uncertainty
 - Information the actuary relied upon but does not take responsibility
 - Responsibility for assumptions (see 3.4.4)
 - 4.4 Deviation
 - If deviate from the ASOP “nature, rationale and effect of deviation”.



QUESTIONS?



Contacting the ABCD

- **Letter:** 1850 M St., N.W., Suite 300, Washington, D.C. 20036
- **Telephone:** (202) 223-8196; (202) 872-1948 (fax)
- **Website:** www.abcdboard.org
- Contacting any individual ABCD member or ABCD staff (contact information on website)