

Professionalism and Ethical Challenges

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Disclaimer

Please note: Our statements and opinions are our own and do not necessarily represent the official statements or opinions of any boards or committees of the American Academy of Actuaries, any other actuarial organization, or our employers.



Objectives of Today's Presentation

- Ethical Concerns
- Structure of Self-Regulation for Actuaries
 - ▣ Elements of U.S. Actuarial Professionalism
 - ▣ Tools and Resources



Top 5 Ethical Concerns for Actuaries

Issue	Rank

From *Key Ethical Concerns Facing the Actuarial Profession*; American Academy of Actuaries; April 2015.



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Top 5 Ethical Concerns for Actuaries

Issue	Rank
	1
	2
	3
	4
Misrepresenting or concealing limitations in one's abilities to provide services	5

From *Key Ethical Concerns Facing the Actuarial Profession*; American Academy of Actuaries; April 2015.



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Top 5 Ethical Concerns for Actuaries

Issue	Rank
	1
	2
	3
Conflicts of interest between opportunities for personal financial gain (or other personal benefits) and proper performance of one's responsibilities	4
Misrepresenting or concealing limitations in one's abilities to provide services	5

From *Key Ethical Concerns Facing the Actuarial Profession*; American Academy of Actuaries; April 2015.



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Top 5 Ethical Concerns for Actuaries

Issue	Rank
	1
	2
Failure to take appropriate action when another actuary misrepresents information	3
Conflicts of interest between opportunities for personal financial gain (or other personal benefits) and proper performance of one's responsibilities	4
Misrepresenting or concealing limitations in one's abilities to provide services	5

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Top 5 Ethical Concerns for Actuaries

Issue	Rank
	1
False or misleading representation of products or services in marketing, advertising, or sales efforts	2
Failure to take appropriate action when another actuary misrepresents information	3
Conflicts of interest between opportunities for personal financial gain (or other personal benefits) and proper performance of one's responsibilities	4
Misrepresenting or concealing limitations in one's abilities to provide services	5

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Top 5 Ethical Concerns for Actuaries

Issue	Rank
Responding to pressure from principals and/or management to select inappropriate assumptions used in pricing or reserving	1
False or misleading representation of products or services in marketing, advertising, or sales efforts	2
Failure to take appropriate action when another actuary misrepresents information	3
Conflicts of interest between opportunities for personal financial gain (or other personal benefits) and proper performance of one's responsibilities	4
Misrepresenting or concealing limitations in one's abilities to provide services	5

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Working Through Ethical Dilemmas

- ❑ Am I being compliant?
- ❑ Am I being transparent?
- ❑ Am I upholding the reputation of the profession?
- ❑ Is it the right thing to do?



Web of Professionalism: Basis of Self-Regulation



- ☒ The Code of Professional Conduct
- ☐ U.S. Qualification Standards (USQS)
- ☐ Actuarial standards of practice (ASOPs)
- ☐ Counseling and discipline (ABCD)



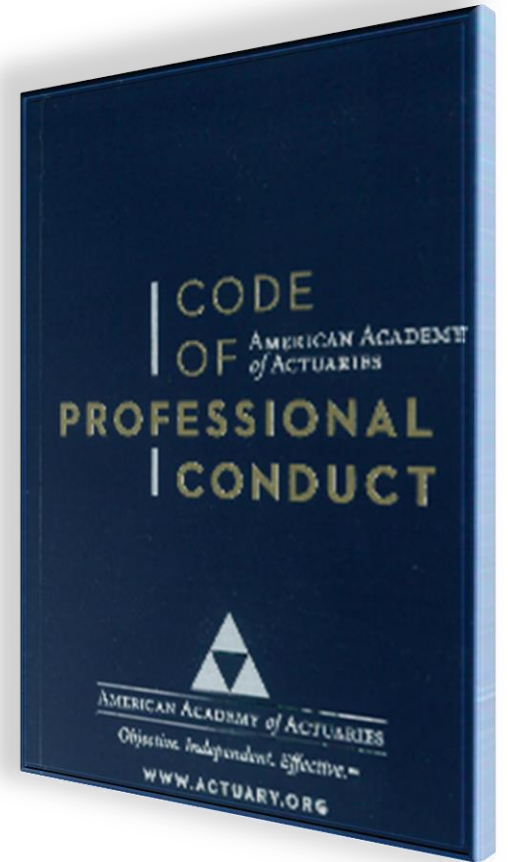
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It All Starts With the Code

“The *Code of Professional Conduct* sets forth what it means for an actuary to act as a professional. It identifies the responsibilities that actuaries have to the public, to their clients and employers, and to the actuarial profession.”



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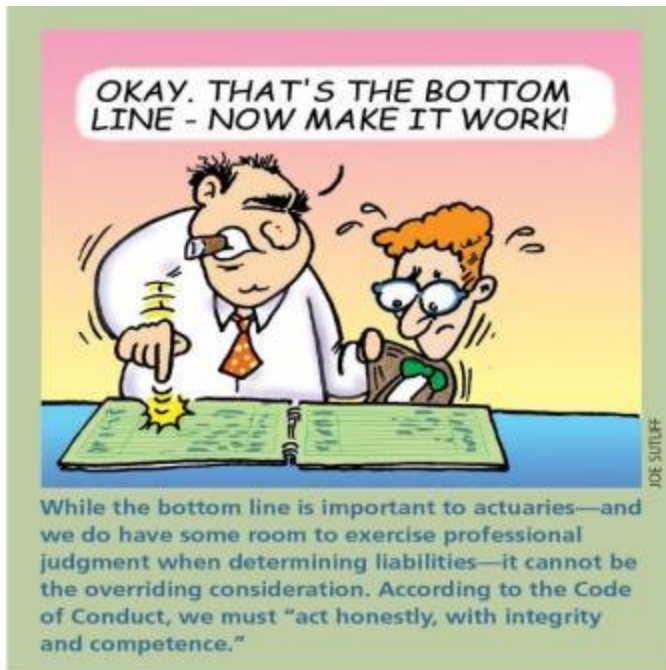
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Code of Professional Conduct

- The current Code took effect Jan. 1, 2001
- The Code sets forth professional/ethical standards for actuarial members of the five U.S.-based actuarial organizations
- When Code and Law conflict, follow the Law
- Actuaries who commit material violations of the Code are subject to counseling or discipline



Professional Integrity



Precept 1

An Actuary shall act honestly, with integrity and competence, and in a manner to fulfill the profession's responsibility to the public and to uphold the reputation of the actuarial profession.



Violations of the Code



*"I appreciate your point, Mrs. Applebrat, however
brown shoes with a blue suit does not constitute an Annotation 1-4 violation."*

- ❑ Violations of the Code of Professional Conduct: Precepts 13 and 14



Code of Professional Conduct

- Actuaries may perform actuarial services only when qualified to do so (USQS)
- Actuaries must follow applicable standards wherever they practice (ASB/ASOPs)
- Actuaries who commit material violations are subject to counseling or discipline (ABCD)



Web of Professionalism: Basis of Self-Regulation



- ☐ The Code of Professional Conduct
- ☐ U.S. Qualification Standards (USQS)
- ☒ Actuarial standards of practice (ASOPs)
- ☐ Counseling and discipline (ABCD)



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Actuarial Standards of Practice

- The Actuarial Standards Board (ASB) creates, revises, and repeals actuarial standards of practice (ASOPs), which provide guidance to all credentialed actuaries who perform actuarial services in the U.S.
- ASOPs provide:
 - ▣ Guidance to practicing U.S. actuaries when they do the work; and
 - ▣ Documentation of then-current practice in the event of a later dispute



Actuarial Standards of Practice

- ASOPs give the intended users of the actuarial work product assurance about its quality and suitability
- ASOPs are not simply a codification of common practice but rather document “appropriate” practice (see ASOP No. 1, *Introductory Actuarial Standard of Practice*)



Applicability of ASOPs

- 52 ASOPs are in effect, with more on the way.
- Some apply in almost all situations; others are more specific.
- The Council on Professionalism's Applicability Guidelines can assist actuaries in identifying which ASOPs apply in specific situations.



Structure of ASOPs

Cross-Practice ASOPs

ASOP No. 1 Introductory ASOP			
ASOP No. 41 Actuarial Communications			
ASOP No. 12	Risk Classification	ASOP No. 23	Data Quality
ASOP No. 17	Expert Testimony by Actuaries	ASOP No. 25	Credibility Procedures
ASOP No. 21	Responding to or Assisting Auditors...	ASOP No. 56	Modeling
ASOP No. 32	Social Insurance	Exposure	Setting Assumptions

Practice-Specific ASOPs

<u>Casualty</u> ASOP 13, 19, 20, 29, 30, 36, 38, 39, 43, 53	<u>ERM</u> ASOP 46, 47, 55	<u>Health</u> ASOP 3, 5, 6, 8, 11, 18, 19, 22, 26, 28, 42, 45, 49, 50	<u>Life</u> ASOP 2, 7, 10, 11, 14, 15, 19, 22, 24, 33, 37, 40, 48, 52, 54	<u>Pension</u> ASOP 4, 6, 27, 34, 35, 44, 51
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ASOP 1: *Introductory Standard of Practice*

- Establishes a roadmap for interpreting ASOPs
- Provides important guidance for the exercise of professional judgment in applying all other ASOPs
- Provides the analytical framework that pairs professional judgment with principle-based standards



ASOP 1: *Introductory Standard of Practice*

- Establishes common terminology
- Sets out the purpose of ASOPs: to identify what should be
 - ▣ considered,
 - ▣ done,
 - ▣ documented, and
 - ▣ disclosed when rendering actuarial services
- Provides guidance for compliance with ASOPs
- Applies to all other ASOPs



ASOP 41: *Actuarial Communications*

- A fundamental ASOP
 - ▣ Some common themes with Code of Professional Conduct
- Applies to actuarial communications within any practice area
- Identifies Report Disclosures
- Disclosure vs. Documentation requirements
 - ▣ Disclosure: what must be included in an actuarial report
 - ▣ Documentation: what must be in the actuary's work papers



ASOP 41: *Deviation Guidance*

- The actuary must be prepared to justify the use of procedures that depart materially from those set forth in an ASOP
- The actuary can comply with an ASOP by disclosing the nature, rationale, and effect of any deviation



ASOP 56: *Modeling*

- Approved by the ASB in December 2019, after 4 exposure drafts.
- Includes actuarial services with respect to designing, developing, selecting, modifying, using, reviewing, or evaluating models.
- Applies to all types of models (both projection models and predictive/statistical models)
- Applies to actuary's responsibilities regarding the model
- Effective for work performed on/after 10/1/2020



Exposure: *Setting Assumptions*

- The first draft of a cross-practice standard on setting assumptions was released in 2016.
- A second exposure draft was released in March 2019, with a comment deadline of July 31, 2019.
- Received 25 comment letters with over 100 individual comments.
- Another exposure draft is expected in the last quarter of 2020.



Life ASOPs Under Review

- ASOP No. 2 – *Nonguaranteed Charges or Benefits for Life Insurance Policies and Annuity Contracts*
- ASOP No. 11 – *Financial Statement Treatment of Reinsurance Transactions Involving Life or Health Insurance*
- ASOP No. 22 – *Statements of Opinion Based on Asset Adequacy Analysis by Actuaries for Life or Health Insurers*



ASOP 2: *Nonguaranteed Elements*

- Last updated in 2004
- Expanded guidance for determining nonguaranteed elements and related definitions and disclosures
- First exposure draft approved in March 2019 with a comment deadline of 7/15/19
- Received 16 comment letters with about 125 individual comments
- Second exposure draft expected in June 2020



ASOP 11: *Reinsurance Financial Reporting*

- Last updated in 2005
- Affects both life and health insurance
- Is expected to expand guidance to reflect emerging practices driven by changes in the regulatory environment since 2005
- An exposure draft was released in late November 2019, with a comment deadline of March 31, which has now been extended to June 30



ASOP 22: *Statements of Opinion Based on Asset Adequacy Analysis*

- ❑ Last updated in 2001
- ❑ Affects both life and health insurance
- ❑ Updated guidance to reflect regulatory and practice changes since 2001
- ❑ First exposure draft approved in December 2018 with a comment deadline of 6/1/19
- ❑ Received 16 comment letters with 100 comments
- ❑ Another exposure draft expected June 2020



Health ASOPs Under Review

- ASOP No. 3 – *Continuing Care Retirement Communities*
- ASOP No. 18 – *Long-Term Care Insurance*
- ASOP No. 28 – *Statements of Actuarial Opinion (SAOs) Regarding Health Insurance Assets and Liabilities*



ASOP 3: *Continuing Care Retirement Communities (CCRCs)*

- Last updated in 2007
- New guidance was needed to reflect a new contract regarding continuing care at home, as well as the need for general updates
- Exposure draft expected to be released in the last quarter of 2020



ASOP 18: *Long-Term Care Insurance*

- Last updated in 1999
- Since 1999, there have been material changes in products, assumption considerations, and regulations
- Exposure draft expected to be released in the last quarter of 2020



ASOP No. 28: *SAOs Regarding Health Insurance Assets and Liabilities*

- Last updated in 2011
- Is expected to address concerns reported by regulatory actuaries relating to the need for improved consistency of the information provided in the actuarial memorandum supporting actuarial opinions
- Exposure draft released on June 10, with a comment period ending on Nov. 13, 2020



Pension and General ASOPs Under Review

- ASOP No. 4: *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions (2nd exposure)*
 - Comment deadline was extended to July 31, 2020
- ASOP No. 27: *Selection of Economic Assumptions for Measuring Pension Obligations (2nd exposure)*
- ASOP No. 35: *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations (2nd exposure)*
- ASOP No. 32: *Social Insurance (2nd exposure)*
 - Cross-practice ASOP



ASB Request for Input

- ☐ P&C Rate Filings: In October, the ASB issued a request for input concerning the development of an ASOP that would address the actuarial aspects of property/casualty rate filings submitted to state insurance departments.
- ☐ Deadline for receipt of input was February 28.
- ☐ Fourteen comment letters were received.



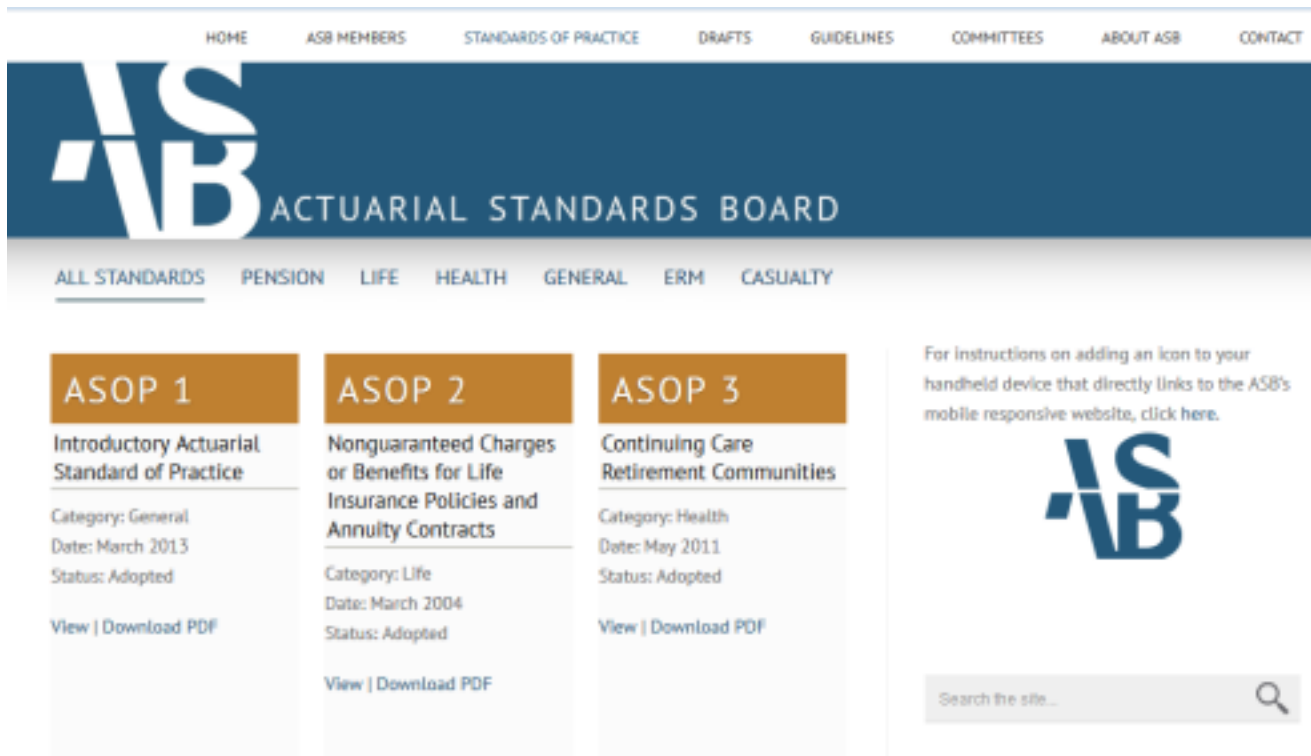
Your Comments Matter

- ☐ Stay up-to-date on ASB activities by reading *ASB Boxscore* and the *ASB Annual Report*.
- ☐ Be engaged—submission of comments is critical for achieving the development and advancement of ASOPs and supports transparency.
- ☐ Check out the ASB's new comment submission template to be initially used for comments related to exposure drafts of ASOPs 22 and 28.



Actuarial Standards Board Website

www.actuarialstandardsboard.org



- ☐ Read current standards of practice
- ☐ Comment on exposure drafts
- ☐ Sign up for *Boxscore*
- ☐ Contact the ASB



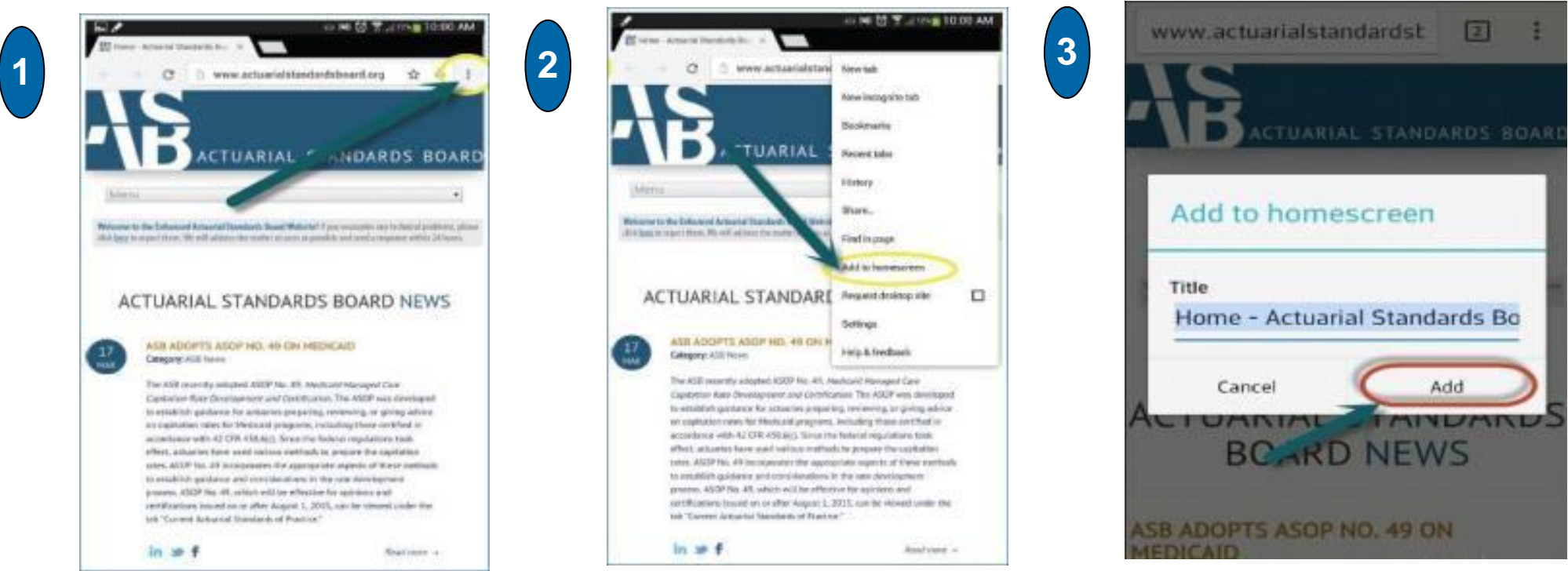
Tools for the Actuary: ASB Mobile-Friendly Website

- For **iPhones**: Add an icon to your device's home screen for quick access to the mobile site.



Tools for the Actuary: ASB Mobile-Friendly Website

- For **Androids**: Add an icon to your device's home screen for quick access to the mobile site.



Applicability Guidelines

PUBLIC POLICY **PROFESSIONALISM**

ABOUT US MEMBERSHIP NEWSROOM INTERNATIONAL PUBLIC DISCIPLINE

Applicability Guidelines For Actuarial Standards Of Practice

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Introduction to the Applicability Guidelines

The five U.S.-based actuarial organizations have Codes of Professional Conduct that require their members to satisfy applicable actuarial standards of practice (ASOPs) when providing actuarial services. ASOPs are authoritative guidance for actuaries practicing in the U.S. and are issued by the Actuarial Standards Board (ASB).

The guidelines are updated periodically. The actuary is responsible for keeping current with changes to the ASOPs and determining that professional services rendered by the actuary or under the actuary's supervision satisfy the current version of each applicable ASOP. Please send suggestions for improving these guidelines (such as additional areas of practice that might be covered) to the Council on Professionalism at ApplicabilityGuidelines@actuary.org.

• For the current Applicability Guidelines, click [here](#)

QUICK LINKS

- Find an Actuary

Actuarial Board for Counseling and Discipline

Actuarial Standards Board

The Social Security Game

Actuarial eLearning Center

PAL Pension Assistance List Volunteer

The Academy Celebrates 50 Years

- Suggest which ASOPs might apply to common tasks
- Listed by practice area
- Nonbinding
- Access downloadable file at bottom of page




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Applicability Guidelines (cont'd)

1 2 3 4 5	 AMERICAN ACADEMY of ACTUARIES <i>Objective. Independent. Effective.™</i>	Applicability Guidelines for Actuarial Standards of Practice – Life	Please note that the following ASOPs apply to all assignments in all practice areas: 1. Introductory Actuarial Standard of Practice 23. Data Quality 41. Actuarial Communications © 2018 American Academy of Actuaries. Last updated September 2018.
6		Description of Assignment	Actuarial Standard of Practice (ASOP) 2 4 5 6 7 10 11 12 15 17 18 19 21 22 24 25 33 37 40 42 46 47 48 52 54
7		1.0 Appraisals	
8	1.0.1	Estimate value of insurance company, insurance marketing organization, or block of insurance contracts	2 5 7 11 12 15 18 19 25 40 42 52
9			
10		2.0 Enterprise Risk Management/Own Risk and Solvency Assessment	
11	2.0.1	Develop the ORSA, performing the modeling, and writing the	7 11 12 18 21 46 47
12	2.0.2	Conduct ERM activities, including but not limited to setting risk tolerances and measuring risk/return tradeoffs	7 11 12 18 46 47 54
13			
14		3.0 Experience Studies and Development of Related Assumptions	
15	3.0.1	Perform experience studies	2 5 6 15 18 42 48
16	3.0.2	Use experience study results in the development and review of actuarial assumptions used in financial projections, pricing, and determining reserves	2 5 6 7 10 12 15 18 21 22 24 25 33 37 40 42 48 52 54
17			
18		4.0 Expert Advice, Witness, and/or Testimony	
19	4.0.1	Provide expert witness testimony in connection with actuarially related matters	17
20			Note that any standards relating to the subject on which the actuary is providing expert advice would also apply.
21		5.0 Financial Analysis, Projection, and Reporting	
22		5.1 Financial Analysis and Projections	
23	5.1.1	Perform profitability analysis/projections, including projections of capital, group capital, and development of	2 5 7 10 11 12 15 18 25 40 42 52 54
24	5.1.2	Compute economic capital	5 7 11 12 25 42
25	5.1.3	Perform embedded value or market consistent embedded value calculations	5 7 10 11 12 18 19 25 40 42 52
26	5.1.4	Perform projections in support of corporate forecasts	

Web of Professionalism: Basis of Self-Regulation



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The Actuarial Board for Counseling and Discipline (ABCD)



- Two primary functions
 - ▣ Respond to requests for guidance (RFGs) on professionalism issues
 - ▣ Consider complaints about possible violations of the Code



Requests for Guidance

- Guidance on an actuarial matter that you believe may affect your obligations under the Code
- Advice on good professional practice from an individual member of the ABCD or the whole ABCD
- Confidential



Examples of Requests for Guidance

- ❑ 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?
- ❑ How do I interpret an ASOP?



Disposition of Matters Brought Before the ABCD

Since its inception in 1992, the ABCD's completed cases:	
Dismissed	351
Dismissed with Guidance	91
Counseled	78
Mediated	12
Recommended Private Reprimand	6
Recommended Public Discipline	45
Request for Guidance	1,388
Total	1,971

**As of Dec. 31, 2019*



ABCD Cases by Practice Area

		2015	2016	2017	2018	2019
New	Casualty	4	3	5	1	8
	Health	4	0	5	5	1
	Pension	8	12	10	3	4
	Life	3	4	2	4	4
	Total	19	19	22	13	17
Resolved	Casualty	3	6	0	1	12
	Health	2	2	2	7	2
	Pension	7	6	8	11	2
	Life	3	0	5	3	4
	Total	15	14	15	22	20



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Major Issues by Precept (2019)

Major Issue Alleged	Discipline	Counsel	Dismiss	Total
Precept 1: Failure to act with integrity	1	2	10	13
Failure to perform services with competence		3	10	13
Failure to uphold reputation of profession	2	4	12	18
Precept 2: Performing work when not qualified		1	1	2
Precept 3: Work fails to satisfy an ASOP	1	4	10	15
Precept 4: Inadequate actuarial communication	1	1	2	4
Precept 5: Failure to identify principal			1	1
Precept 6: Failure to disclose				



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Major Issues by Precept (2019)

Major Issue Alleged	Discipline	Counsel	Dismiss	Total
Precept 7: Conflict of interest				
Precept 8: Failure to take reasonable steps to prevent misuse of work product		1		1
Precept 9: Disclosure of confidential information				
Precept 10: Failure to cooperate with other actuary			1	1
Precept 11: Improper advertising			1	1
Precept 12: Improper use of designation				
Precept 13: Failure to report violation				
Precept 14: Failure to cooperate with the ABCD				



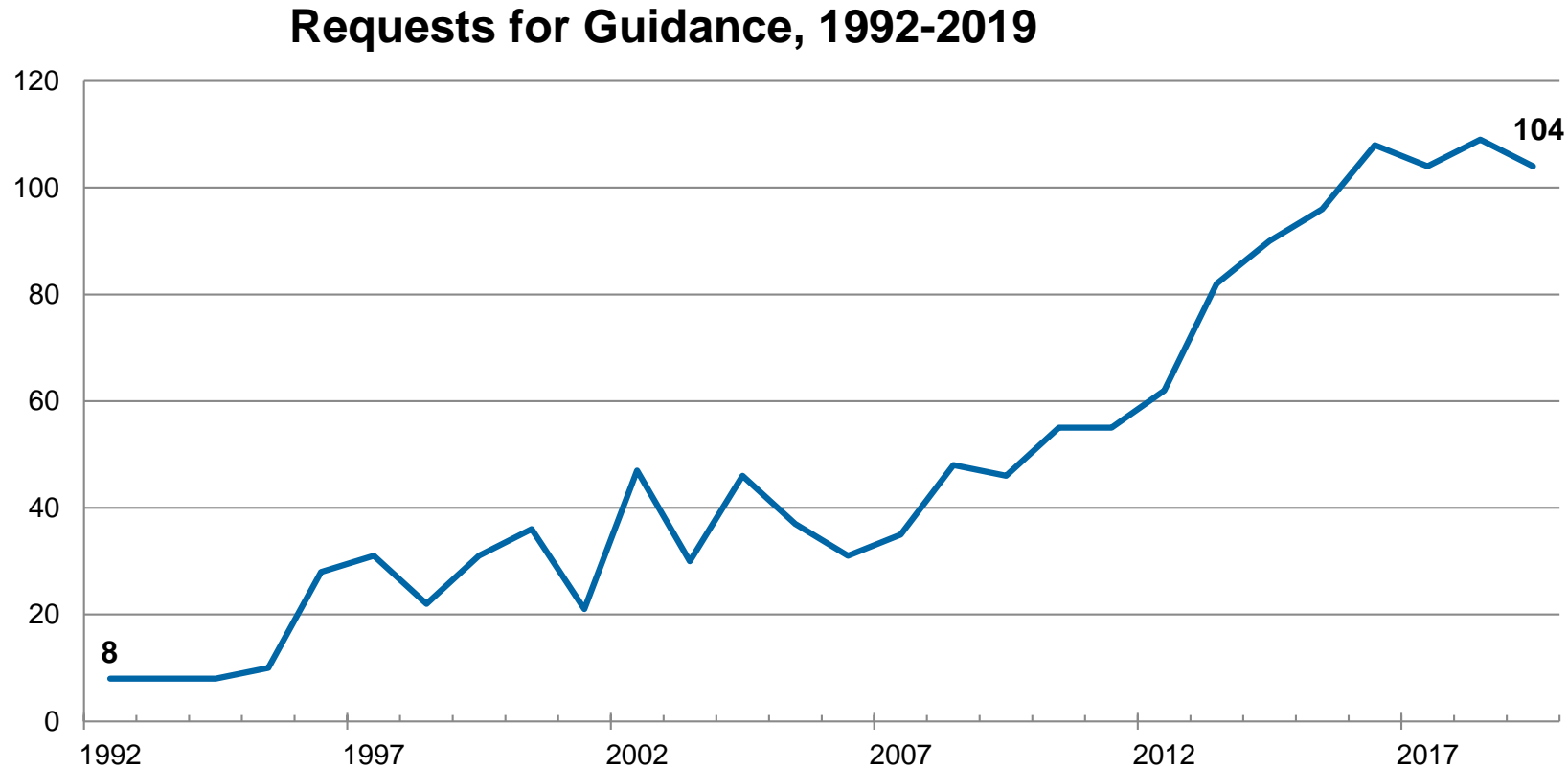
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ABCD Requests for Guidance

- There has been a significant increase in RFGs over the years.




ABCD Requests for Guidance

	2015	2016	2017	2018	2019
Pension	27	26	28	24	19
Health	22	25	35	32	33
Life	19	23	13	15	18
Property & Casualty	23	28	24	27	27
General	5	6	4	11	7
Total	96	108	104	109	104



Academy Public Discipline Notices




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Public Discipline


The following persons have been publicly disciplined by the American Academy of Actuaries. The date following each name is the date of the *Actuarial Update* issue in which the discipline action was publicized to Academy members or the effective date of the discipline action.

Expelled	
Allen, Scott	Effective: July 20, 2018
Beecher, Paul	August 1985
Boatright, David J.	July 1997
Coate, Larry D.	April 1997
Lederman, Charles M.	May 2009
Lewis, Arthurs S.	Letter to Members, August 1, 1975
Lambiase, William J.	Effective: December 28, 2009
Portermain, Neill W.	May 1994
Rubenstein, Steven J.	Effective: September 10, 2015
Scheiring, Robert D.J.	Effective: October 18, 2011
Silberstein, Morris J.	December 2005
Smith, James C., Jr.	Letter to Members, August 1, 1975
Sutherland, Patrick E.	Effective: December 3, 2018

Suspended	
Bucknell, Robert I.	November 1994, 2 years
Gould, Donald E.	October 2012, 5 years
Keh, Alphonso	May 1985, 5 years



Actuarial Board
for Counseling
and Discipline




Actuarial
Standards Board

QUICK LINKS


- Find an actuary
- Academy Committees
- Board Election Center
- Code of Professional Conduct
- U.S. Qualification Standards
- Volunteer
- Additional Links

CALENDAR OF EVENTS




**PRESIDENT'S
MESSAGES**
Shawna Ackerman

FEATURES

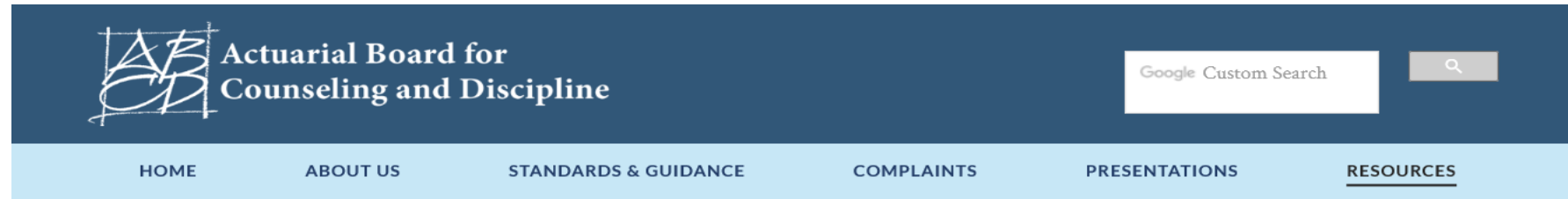


Annual Meeting
2019



Webinars

ABCD Resources



Resources

Resources

[The Rules of Procedure](#)

[Annual reports](#)

[Up to Code](#)

[Other articles](#)

[Links](#)

This section contains an online library of ABCD publications and documents and related external material.

ABCD publications and documents

- [Rules of Procedure](#) (a guide to how the Board handles requests for guidance and complaints about actuarial conduct)
- [Annual reports](#) published by the Board
- “Up to Code” columns written by ABCD members for *Contingencies* magazine
- [Flow Chart](#) of the ABCD’s Investigation Process Target Timeline
- Published Guidance by the ABCD
 - [Pension-related guidance provided December 29, 2010](#), in response to a [request for guidance](#) from the Academy’s Pension Practice Council
 - [ASOP 6 guidance provided November 24, 2015](#)



Web of Professionalism: Basis of Self-Regulation



- ☐ The Code of Professional Conduct
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U.S. Qualification Standards (USQS)

- Precept 2 of the Code of Professional Conduct states in part that:

“An Actuary shall perform Actuarial Services only when the Actuary is qualified to do so on the basis of basic and continuing education and experience, and only when the Actuary satisfies applicable **qualification standards**.” (emphasis added)
- The USQS applies to members of all five U.S.-based actuarial organizations (Academy, ASEA, CAS, CCA, and SOA).
- The USQS sets forth qualification requirements for actuaries practicing in the U.S.



USQS Structure

- Section 1. Introduction (including definitions)
- Section 2. General Qualification Standard
 - ▣ Basic Education and Experience Requirements
 - ▣ Continuing Education Requirements
- Section 3. Specific Qualification Standards (when necessary)
- Section 4. Changes in Practice and Application
- Section 5. Acknowledgement of Qualification
- Section 6. Recordkeeping Requirements



U.S. Qualification Standards—SAO

- USQS defines a **Statement of Actuarial Opinion (SAO)** as having two components:
 - (i) an opinion expressed by an actuary in the course of performing actuarial services; and
 - (ii) an opinion that is intended by the actuary to be relied upon by the person or organization to which it is addressed.

PROFESSIONALISM COUNTS

An SAO by Any Other Name

BY ANDREA SWEENEY
Chairperson, Committee on Qualifications

I AM CERTAIN THAT WILLIAM SHAKESPEARE was not thinking about the U.S. Qualification Standards (USQS) or statements of actuarial opinion (SAOs) when he penned Juliet's famous line "What's in a name? That which we call a rose / By any other word would smell as sweet."¹ Neither was Gertrude Stein, when she declared in 1913 that a "Rose is a rose is a rose is a rose."² But the principle underlying these famously floral examples of the logical law of identity is one that actuaries can learn from: Whether an opinion expressed by an actuary is an SAO depends on the substance of the opinion, not on what the actuary calls it.

Precept 2 of the Code of Professional Conduct (Code) states that an actuary "shall perform Actuarial Services... only when the Actuary satisfies applicable qualification standards." According to the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, "Actuaries who issue Statements of Actuarial Opinion when rendering Actuarial Services in the United States are required by the Code... to satisfy these Qualification Standards."³ For this reason, any actuary who is subject to the Code should understand what an SAO is.

The USQS provides a two-prong definition of an SAO. It is (i) "an opinion expressed by an actuary in the course of performing Actuarial Services"; and (ii) "intended by that actuary to be relied upon by the person or organization to which the opinion is addressed."⁴ The USQS, and the answers to [Frequently Asked Questions](#) (FAQs) provided by the Academy's Committee on Qualifications (COQ), contain important information on how to identify the elements of the SAO.

How have these two prongs been interpreted?

First, an SAO "must be based on actuarial considerations,"⁵ and not merely involve numbers or calculations. FAQ 17, for example, explains that if an actuary states "the health care trend you have experienced is 10 percent," based on compiled data alone without any actuarial considerations, the statement is not an SAO. By contrast, if an actuary states that "the expected health care trend for your commercial business for next year is 10 percent," the statement would likely be an SAO because it involves actuarial considerations.

Second, the actuary must intend for the opinion to be relied upon by the person or organization to which the opinion is addressed. If the actuary does not intend for the actuary's principal to rely upon the opinion, the actuary must clearly state this. However, even labeling an opinion "not to be relied upon" or a "draft" does not prevent reliance. Appendix 1 states, "if there is a reasonable likelihood that the Principal will rely on the draft regardless of intent, that is an indication that the draft is an SAO."⁶ If an actuary holds a position that is "non-actuarial in nature" or has "non-actuarial aspects," the USQS are not intended to apply to oral or written statements issued "by virtue of the positions they hold and not because they are actuaries."⁷

As the parsing of the elements of an SAO illustrates, the definition of an SAO in the USQS is very broad. SAOs can be written or oral. They can include internal or external company communications. They can be provided for compensation or gratis. They do not depend upon the status of the actuary as "working" or "retired." Appendix 1 of the USQS describes SAOs and lists some examples of commonly issued opinions and work products and whether they are likely to be considered SAOs. Appendix 1 also describes generally what types of actuarial work involving government or other public sector actuaries may be considered SAOs.

As former Academy President Tom Wildsmith summarized: "Some might misunderstand this term [SAO] to be limited to a formal statement filed with a regulator—nothing could be further from the truth. A simple rule of thumb is that if I perform work that someone else relies on *because I am an actuary*, then the USQS likely apply."⁸

Given the breadth of the definition and the fact that issuing even a single SAO requires compliance with the USQS, actuaries should ensure that they meet the USQS requirements. As the COQ stated in FAQ 15 regarding the interpretation of "gray areas," "the Committee recommends that practicing actuaries endeavor to meet the USQS rather than expending time and energy trying to find interpretations that support exemption from the USQS." An SAO is an SAO is an SAO is an SAO. ▲



FOOTNOTES


¹ *Romeo and Juliet*, Act II, Scene 2.
² From the poem "Sacred Emily."
³ USQS, Section 1.
⁴ USQS, Section 1.
⁵ Appendix 1, 1(d).
⁶ Appendix 1, 1(b).
⁷ USQS, Section 1.
⁸ Contingencies, *September/October 2016*, p. 24.

U.S. Qualification Standards Online

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U.S. Qualification Standards

The U.S. Qualification Standards were revised effective Jan. 1, 2008, to broaden their scope and strengthen the CE requirements. The standards were developed by the Academy Committee on Qualifications and approved by the Board of Directors.


U.S. Qualification Standards
(in effect as of Jan. 1, 2008)


"Which CE Requirements Apply to Me?" Infographic
(October 2013)

FAQs on the U.S. Qualification Standards

Submitting Additional Questions
(use the online form to submit your additional questions about the U.S. Qualification Standards)

History of U.S. Qualification Standards

**Actuarial Board for Counseling and Discipline**

**Actuarial Standards Board**

QUICK LINKS

- ▶ Find an Actuary
- ▶ Academy Committees
- ▶ Board Election Center
- ▶ Code of Professional Conduct
- ▶ U.S. Qualification Standards
- ▶ Volunteer
- ▶ Profession-wide Search
- ▶ Additional Links

CALENDAR OF EVENTS

- ☐ U.S. Qualification Standards
- ☐ CE infographic
- ☐ FAQs
- ☐ Submit Questions



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Attestation Form

- ☐ <http://attest.actuary.org>
- ☐ Show how you meet
 - ☐ General Requirements
 - ☐ Specific Requirements
- ☐ Printable
- ☐ Can complete multiple attestations for multiple SAOs
- ☐ Can download complete attestation package (form and attachments)



Menu

- [Welcome](#)
- [Glossary](#)
- [FAQ](#)
- [Find Attestation](#)
- [Skip to page](#)

[Link to USQS](#)

Specific Qualification Standards

2. For which of the following do you wish to attest that you meet the Specific Qualification Standards?
(Please choose one.)

- ☐ Statement of Actuarial Opinion, NAIC Health Annual Statement
- ☒ Statement of Actuarial Opinion, NAIC Property and Casualty Annual Statement
- ☐ Statement of Actuarial Opinion, NAIC Life and A&H Annual Statement

*If you wish to attest to meeting the Specific Qualification Standards for more than one (1) of the above SAOs,
a separate Attestation Form must be done for each.*

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If you have any questions, please see our **FAQ page** for more information.

Specific Qualification Standards

Statement of Actuarial Opinion, NAIC Property and Casualty Annual Statement

6. Have you successfully completed relevant examinations administered by the American Academy of Actuaries or the Casualty Actuarial Society on the following topics:

- a) policy forms and coverages, underwriting, and marketing;
- b) principles of ratemaking;
- c) statutory insurance accounting and expense analysis;
- d) premium, loss, and expense reserves; and
- e) reinsurance?

- ☐ No
- ☒ Yes
- ☐ No, but I have satisfied the **Alternative Basic Education** requirement.

Please upload and identify supporting materials if you are attesting to the Alternative Basic Education requirement.

- **TEST ATTACHMENT.pdf**  

Test attachment

+New Attachment

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Next

Continuing Education Requirements

8. I have met the Continuing Education requirements of both the General and Specific Qualification Standards.

- ☐ No
☒ Yes

Please upload and identify supporting materials for meeting both the General and Specific Continuing Education requirements, identifying any differences.

- **TEST ATTACHMENT.pdf**  

CE documentation

[+New Attachment](#)

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If you have any questions, please see our **FAQ page** for more information.



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Summary

Question	Answer	Attachments
1. Do you wish to attest that you meet the Specific Qualification Standards for one of the above SAOs?	Yes	
2. For which of the following do you wish to attest that you meet the Specific Qualification Standards? (Please choose one.)	Statement of Actuarial Opinion, NAIC Property and Casualty Annual Statement	
3. Are you a Member of the Academy, a Fellow or Associate of the SOA or the CAS, a Fellow of the CCA, a Member or Fellow of ASPPA, or a fully qualified member of another IAA-member organization?	Yes	
4. Do you have three years of responsible actuarial experience, which is defined as work that requires knowledge and skill in solving actuarial problems?	Yes	
5. Are you knowledgeable, through examination or documented professional development, of the Law applicable to the Statement of Actuarial Opinion. "Law" is defined in the Code of Professional Conduct?	Yes	
6. Have you successfully completed relevant examinations administered by the American	Yes	• TEST ATTACHMENT.pdf



Attestation

Please review your attestation below.

I am attesting to Specific Qualification Standards.

I meet the Specific Qualification Standards for issuing Statements of Actuarial Opinions for NAIC Property and Casualty Annual Statements.

I am a Member of the Academy, a Fellow or Associate of the SOA or the CAS, a Fellow of the CCA, a Member or Fellow of ASPPA, or a fully qualified member of another IAA-member organization.

I have at least three years of responsible actuarial experience, which is defined as work that requires knowledge and skill in solving actuarial problems.

I am knowledgeable, through examination or documented professional development, of the Law applicable to the Statement of Actuarial Opinion, as defined in the Code of Professional Conduct.

I have successfully completed relevant examinations administered by the American Academy of Actuaries or the Casualty Actuarial Society on the following topics: a) policy forms and coverages, underwriting, and marketing; b) principles of ratemaking; c) statutory insurance accounting and expense analysis; d) premium, loss, and expense reserves; and e) reinsurance.

I have at least 3 years responsible experience relevant to the NAIC Annual Statement actuarial opinion I issue under review of an actuary qualified to sign each opinion.

I have met the continuing education (CE) requirements of both the General and Specific Qualifications Standards.

Based upon the preceding statements, I attest that I meet the requirements in the US Qualification Standards.

Pat Jones

Date

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This form will not be submitted or considered attested to until you click Accept and Attest.

Accept and Attest

Professionalism Challenge



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ASOP-Related Questions



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ABCD-Related Questions



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Qualification-Related Questions



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Code of Professional Conduct-Related Questions



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Professionalism Resources

□ Academy Professionalism webpage

www.actuary.org/content/professionalism

- * Code of Professional Conduct
- * U.S. Qualification Standards
- * Standards of practice (ASB)
- * Applicability Guidelines
- * Discussion papers
- * Webinars
- * Recent Articles


□ Academy's Professionalism First webpage

www.professionalism.actuary.org

- * Access “Professionalism Perspectives” blog and Academy’s recently launched podcast series, “Actuary Voices”



Professionalism Resources


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A Culture of
Professionalism First

Standards • Responsibility • Competence • Trust

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RESPONSIBILITY

COMPETENCE

TRUST

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Webinars

- Quarterly webinars
- Most recently, April 30: “The New Modeling ASOP: ASOP No. 56”
- Archive of professionalism webinars available to Academy members



New Webinar Registration Option

- New group registration option for employers to accommodate remote access they provide to their employees.
- The registrant must be an Academy member.



Track Your CE



Academy Annual Meeting 2020



QUESTIONS?

THANK YOU.

