

Professionalism and You

Nancy Behrens, MAAA, FSA
Chairperson, Academy Committee
on Professional Responsibility

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AMERICAN ACADEMY of ACTUARIES

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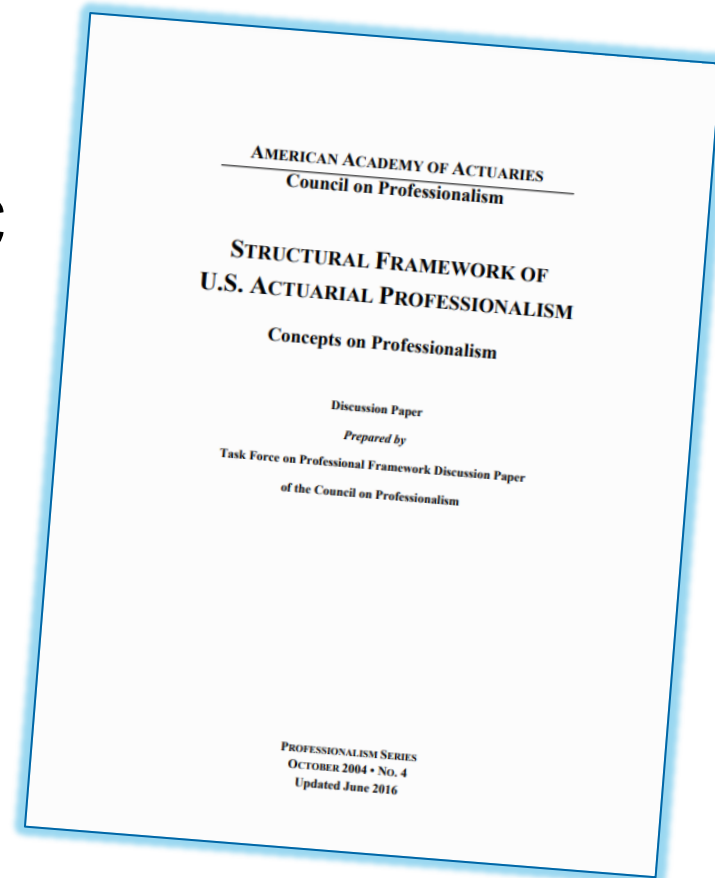
Agenda

- Part 1
 - ▣ Professions
 - ▣ Structural framework
 - ▣ Self-regulation
 - ▣ Code of Professional Conduct
 - ▣ Actuarial Board for Counseling and Discipline trends
- Part 2
 - ▣ Case Studies



Characteristics of Professions

- Specialized knowledge
- Responsibility to the public
- Accepted practice
- Code of conduct
- Discipline process
- Membership



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)



Self-Regulation

- U.S. actuarial profession is self-regulated.
- EVERY actuary is responsible for maintaining self-regulation.



Self-Regulation

- The Academy issued a discussion paper in June 2020
 - ▣ *Self-Regulation and the Actuarial Profession*
- The paper was developed to encourage discussion, and particularly to:
 - ▣ Raise awareness of the importance and value of self-regulation.
 - ▣ Identify actuaries' responsibilities with respect to its maintenance.



Self-Regulation

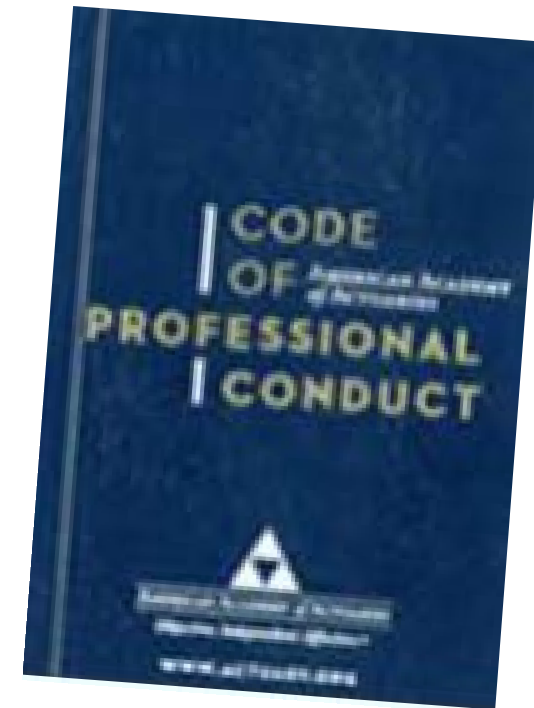
From among the ways actuaries can fulfill their responsibility for preserving self-regulation ...

“Monitor other actuaries—this is perhaps the most difficult aspect of a self-regulating profession, but it is of utmost importance.”



Code of Professional Conduct

- Individually adopted by the five U.S.-based actuarial organizations
- Sets forth professional/ethical standards for members



Overview of the Code of Professional Conduct

- [The Code of Professional Conduct](#) contains 14 Precepts, along with annotations providing further guidance on adhering to the Precepts.
- The purpose of the Code is to require actuaries to adhere to high standards of conduct, practice, and qualifications of the actuarial profession.
- The Precepts are the equivalent of standards and must be followed by practicing credentialed actuaries who are subject to the Code, wherever located.
- In the event that any Precept conflicts with applicable laws or regulations, follow the law (this is true for actuarial standards of practice as well).



How Well Do You Know the Code?

According to the Code of Professional Conduct, an Actuary can perform Actuarial Services that involve an actual or potential conflict of interest if all but one of the following are satisfied. Which condition is not included in Precept 7?

- a) The Actuary's ability to act fairly is unimpaired.
- b) The conflict has been disclosed to all Principals (present and known prospective) whose interests would be affected by the conflict.
- c) At least one Principal agrees in writing that no conflict of interest exists.
- d) All Principals have expressly agreed to the performance of the Actuarial Services by the Actuary.



How Well Do You Know the Code?

According to the Code of Professional Conduct, which of the following are true:

- a) The Actuary is not responsible for misquotation, misinterpretation, or other misuse of an Actuarial Communication.
- b) The Actuary cannot refuse to cooperate with a new or additional actuary based upon unresolved compensation issues unless such refusal is in accordance with a pre-existing agreement with the Principal.
- c) An Actuary must respond to requests for information in connection with ABCD proceedings only if the requests relate to Actuarial Services provided by the Actuary to a Principal.
- d) All of the above.



How Well Do You Know the Code?

The Code defines a “Principal” as:

- a) A comprehensive and fundamental law, doctrine, or assumption.
- b) A client or employer of the Actuary.
- c) A potential client or employer of the Actuary.
- d) None of the above.



How Well Do You Know the Code?

According to the Code of Professional Conduct, an Actuarial Communication issued by an Actuary with respect to Actuarial Services can be:

- a) Written.
- b) Electronic.
- c) Oral.
- d) All of the above.



How Well Do You Know the Code?

What should an actuary do if they have knowledge of a violation of the Code by another actuary?

- a) Consider discussing the situation with the other Actuary and attempt to resolve the apparent violation.
- b) If not resolved, disclose the violation to the ABCD as long as the disclosure is not contrary to Law or would divulge Confidential Information.
- c) Nothing, if the violation is not material.
- d) All of the above.



Precept 13: Violations of the Code

“An Actuary with knowledge of an apparent, unresolved, **material*** violation of the Code by another Actuary should consider discussing the situation with the other Actuary and attempt to resolve the apparent violation. If such discussion is not attempted or is not successful, the Actuary shall disclose such violation to the appropriate counseling and discipline body of the profession, except where the disclosure would be contrary to Law or would divulge Confidential Information.”

* Emphasis added. A violation is deemed to be material if it is important or affects the outcome of a situation, as opposed to a violation that is trivial, does not affect an outcome, or is one merely of form. (13-1)



Precept 13: Violations of the Code

- Precept 13 is an integral part of the Code; it is ***not optional***
- Concern that Precept 13 is followed with insufficient frequency
- Discussion Paper: *The Application of Precept 13 of the Code of Professional Conduct*



Actuarial Board for Counseling and Discipline



What Do You Know About the ABCD?

Which of the following is not a function of the ABCD?

- a) Considering complaints about possible violations of the Code.
- b) Setting qualification, practice, and professionalism standards for actuaries credentialed by one or more of the five U.S.-based actuarial organizations in the United States.
- c) Responding to requests for guidance (RFGs) on professionalism issues.
- d) None of the above.



What Do You Know About the ABCD?

The Code of Professional Conduct requires an actuary to promptly, truthfully, and fully respond to any ABCD request for information unless:

- a) In the actuary's professional judgement, the actuary determines that the ABCD inquiry is arbitrary and capricious.
- b) In the actuary's professional judgement, the actuary determines that he or she did not materially violate the Code.
- c) Applicable restrictions on confidential information and those imposed by law prevent the actuary from complying with the ABCD request.
- d) None of the above.



What Do You Know About the ABCD?

The ABCD may decide to impose discipline on an actuary when the ABCD determines that the actuary materially violated the Code of Professional Conduct. True or false?

- a) True, but only after the ABCD conducts a fact-finding hearing.
- b) False, the violation need not be material for the ABCD to impose discipline.
- c) True, but the ABCD need not conduct a fact-finding hearing if the actuary before the ABCD admits that he or she committed a material violation of the Code.
- d) False, the ABCD does not impose discipline.



Request for Guidance

Example RFG Topics

- ▣ How do I know if I am qualified?
- ▣ How can I do a job that involves more than one area of expertise?
- ▣ How much can I rely on my supervisor? 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? Resolved?



Disposition of Matters Brought Before the ABCD

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

Dismissed	370
Dismissed with Guidance	93
Counseled	80
Mediated	12
Recommended Private Reprimand	7
Recommended Public Discipline	45
Request for Guidance	1,515
Total	2,122

*As of Dec. 31, 2020



ABCD Cases by Practice Area

		2016	2017	2018	2019	2020
New	Casualty	3	5	1	8	2
	Health	0	5	5	1	5
	Pension	12	10	3	4	11
	Life	4	2	4	4	15
	Total	19	22	13	17	33
Resolved	Casualty	6	0	1	12	1
	Health	2	2	7	2	1
	Pension	6	8	11	2	10
	Life	0	5	3	4	12
	Total	14	15	22	20	24



Major Issues by Precept (2020)

Major Issue Alleged	Discipline	Counsel	Dismiss	Total
Precept 1: Failure to act with integrity			17	17
Failure to perform services with competence		2	12	14
Failure to uphold reputation of profession	1	1	4	6
Precept 2: Performing work when not qualified			1	1
Precept 3: Work fails to satisfy an ASOP		2	8	10
Precept 4: Inadequate actuarial communication		1	4	5
Precept 5: Failure to identify Principal				



Major Issues by Precept (2020)

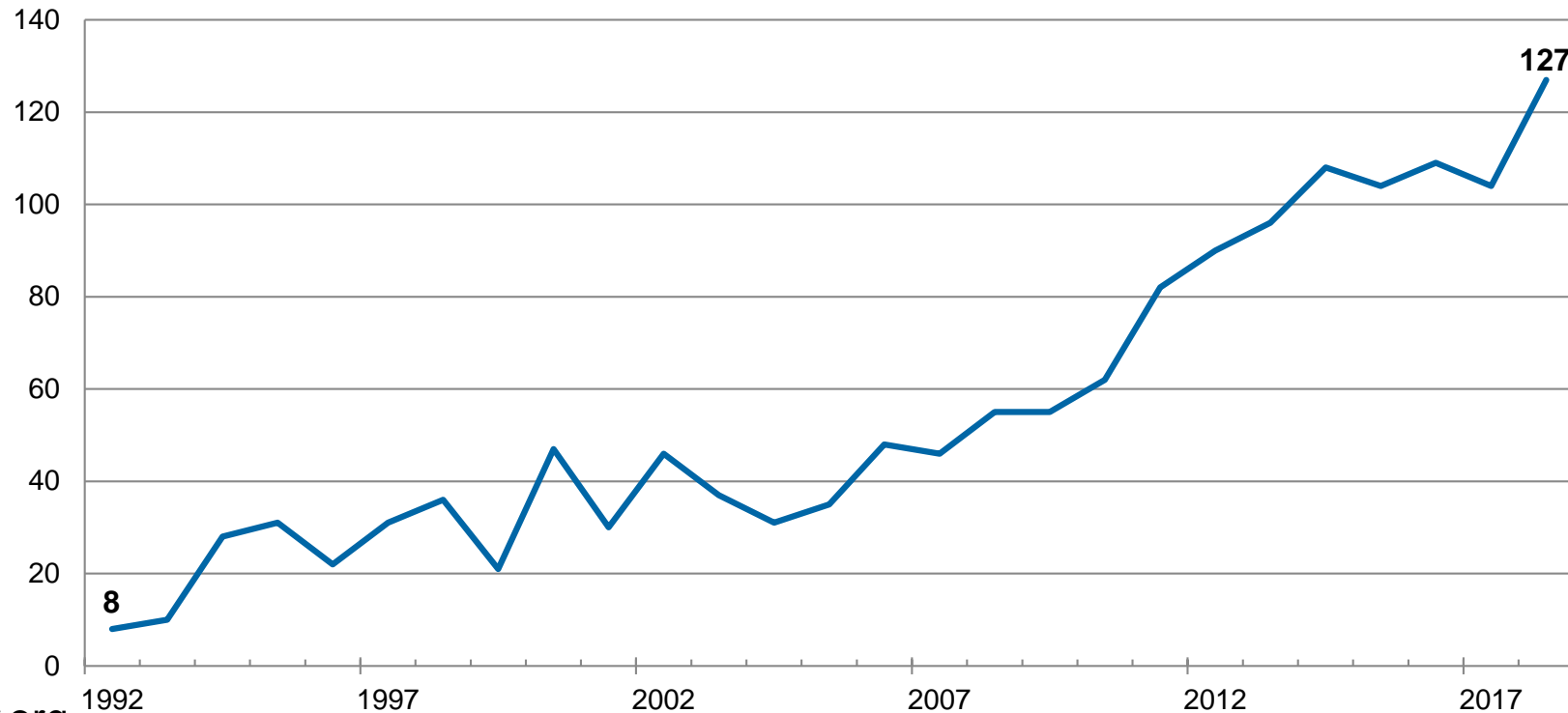
Major Issue Alleged	Discipline	Counsel	Dismiss	Total
Precept 6: Failure to disclose				
Precept 7: Conflict of interest			2	2
Precept 8: Failure to take reasonable steps to prevent misuse of work product			4	4
Precept 9: Disclosure of confidential information				
Precept 10: Failure to cooperate with other actuary			5	5
Precept 11: Improper advertising				
Precept 12: Improper use of designation				
Precept 13: Failure to report violation			2	2
Precept 14: Failure to cooperate with the ABCD				



ABCD Requests for Guidance

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

Requests for Guidance, 1992–2020



ABCD Requests for Guidance

	2014	2015	2016	2017	2018	2019	2020
Pension	30	27	26	28	24	19	28
Health	19	22	25	35	32	33	40
Life	17	19	23	13	15	18	31
Casualty	20	23	28	24	27	27	28
Other	4	5	6	4	11	7	
Total	90	96	108	104	109	104	127



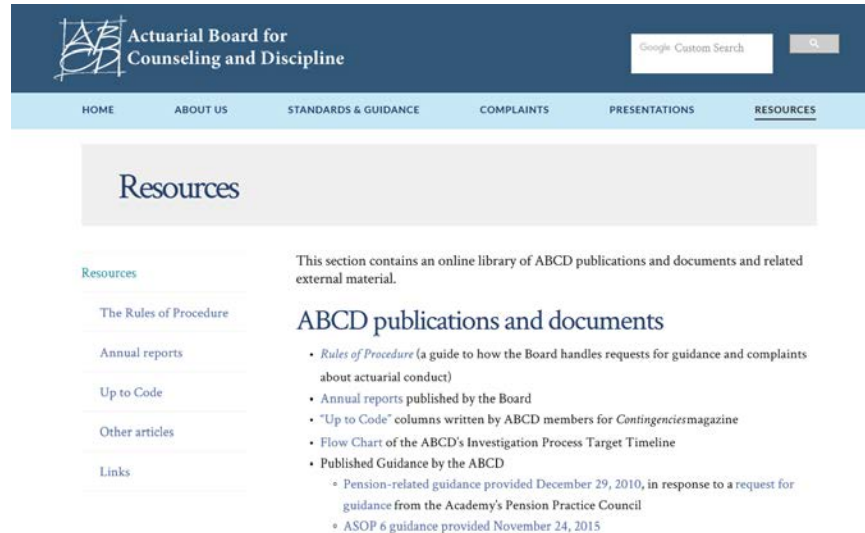
Academy Public Discipline Notices

- The Academy's Public Discipline [webpage](#) contains information about persons who have been publicly disciplined by the Academy.
 - ▣ 13 expulsions
 - ▣ 10 suspensions
 - ▣ 14 public reprimands



ABCD Publications and Documents

- 2020 Annual Report
- Rules, Articles, and Guidance
 - ▣ www.abcdboard.org/resources



The screenshot shows the 'Resources' page of the Actuarial Board for Counseling and Discipline. The page features a navigation bar with links for HOME, ABOUT US, STANDARDS & GUIDANCE, COMPLAINTS, PRESENTATIONS, and RESOURCES. Below the navigation bar, the 'Resources' section is highlighted. A sidebar on the left lists categories: Resources, The Rules of Procedure, Annual reports, Up to Code, Other articles, and Links. The main content area contains a description of the online library and a list of publications and documents, including the Rules of Procedure, annual reports, 'Up to Code' columns, a flow chart of the investigation process, and published guidance by the ABCD.

Actuarial Board for Counseling and Discipline

Google Custom Search

HOME ABOUT US STANDARDS & GUIDANCE COMPLAINTS PRESENTATIONS RESOURCES

Resources

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



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Case Studies



Resources



Professionalism Resources

- Professionalism Webinar Archive (free to Academy members) <http://www.actuary.org/professionalism-webinars>
- Discussion Papers on various professionalism issues <http://www.actuary.org/discussion-papers>



Professionalism Resources

□ Academy Professionalism webpage

www.actuary.org/content/professionalism

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

□ Academy's Professionalism First webpage

professionalism.actuary.org

- * Access "Professionalism Perspectives" blog and Academy's podcast series, "Actuary Voices"



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)



Applicability Guidelines

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Applicability Guidelines For Actuarial Standards Of Practice

Printer-friendly version

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
- 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



U.S. Qualification Standards and Tools

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[Printer-friendly version](#)

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).

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](#)

- CE Infographic
- 53 FAQs
- Submit Questions



Academy Podcast

- Series brings thoughtful conversations on the role of professionalism in our day jobs and the Academy's public policy work.
- Listen and subscribe at <https://www.professionalism.actuary.org/actuaryvoices> or via the below podcast feeds.



Questions?

Learn more anytime at actuary.org.

