

A Look at Ethics and Professionalism

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Please note: My statements and opinions are my own and do not necessarily represent the official statements or opinions of the American Academy of Actuaries, any boards, councils, or committees of the Academy, the ABCD, nor my employer.

U.S. Actuarial Profession Is Self-Regulated

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- Actuarial Standards of Practice (ASOP's)
- Code of Professional Conduct (Code)
- U.S. Qualification Standards (USQS)
- Actuarial Board for Counseling and Discipline (ABCD)

Actuarial Board for Counseling and Discipline 4

The Actuarial Board for Counseling and Discipline (ABCD)

- Investigates complaints that allege material violations of the Code of Professional Conduct (including conduct, qualifications, and practice);
- Counsels actuaries on good professional practice; and
- Mediates disputes between actuaries or between actuaries and others.

The ABCD investigates cases (except in Canada and Mexico) involving members of the Academy, ASEA, CAS, CCA, SOA; and the Colegio Nacional de Actuarios, A.C. (CONAC), the Asociación Mexicana de Actuarios (AMA), Asociación Mexicana de Actuarios y Consultores (AMAC) and the Canadian Institute of Actuaries (in the U.S.).

The ABCD is composed of nine persons broadly representative of all areas of actuarial practice.

Trends in ABCD Inquiries and RFGs

ABCD: Requests for Guidance

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- Actuaries seeking guidance on an actuarial matter that may affect their obligations under the Code may contact the ABCD for a confidential Request for Guidance (RFG). Contact information is on the ABCD website.
- The RFG is circulated to appropriate ABCD members who contact the actuary to discuss the issue.
- Alternatively, an actuary may request that the entire ABCD vet the particular issue.
- Last year the ABCD addressed 96 RFGs.

Examples of Requests for Guidance

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- 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?

ABCD Requests for Guidance

	2016	2017	2018	2019	2020	2021	2022
Pension	26	28	24	19	28	25	16
Health	25	35	32	33	40	28	32
Life	23	13	15	18	31	25	19
Casualty	28	24	27	27	28	38	29
Other	6	4	11	7			
Total	108	104	109	104	127	116	96

ABCD Cases by Practice Area

		2018	2019	2020	2021	2022
New	Casualty	1	8	2	28	7
	Health	5	1	5	6	1
	Pension	3	4	11	12	4
	Life	4	4	15	3	1
	Total	13	17	33	49	13
Resolved	Casualty	1	12	1	28	8
	Health	7	2	1	7	1
	Pension	11	2	10	22	4
	Life	3	4	12	6	1
	Total	22	20	24	63	14

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

The SOA's Public Discipline [webpage](#) contains information about persons who have been publicly disciplined by the SOA.

- 16 people publicly disciplined between 2009 and 2023.

The CAS's professionalism [webpage](#) contains information about persons who have been publicly disciplined by the CAS.

- Four people have been publicly disciplined between 2013 and 2023.

Working Through Ethical Dilemmas

Working Through Ethical Dilemmas

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

Code of Professional Conduct

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- The Code applies to members of all five U.S.-based actuarial organizations (Academy, ASEA, CAS, CCA, and SOA).
- The Code sets forth professional/ethical standards for actuaries practicing in the U.S.
- Actuaries must remain current with the Code and comply with its provisions.
- Precepts are standards; annotations assist with interpretation/application.

Code of Professional Conduct

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- Actuaries may perform actuarial services only when qualified to do so.
- Actuaries must follow applicable standards wherever they practice.
- When Code and law conflict, follow the law.
- Actuaries who commit material violations are subject to counseling or discipline.

U.S. Qualification Standards (USQS)

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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: General Structure

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- Introduction (including definitions)
- General Qualification Standard
 - Basic Education and Experience Requirements
 - Continuing Education Requirements
- Specific Qualification Standards (when necessary)
- Changes in Practice and Application (general and specific)
- Acknowledgement of Qualification (suggested language)
- Recordkeeping Requirements

Actuarial Standards of Practice

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- 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.
- 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*).

Structure of ASOPs

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Cross-Practice ASOPs

ASOP 1 Introductory ASOP

ASOP 41 Actuarial Communication

ASOP 12	Risk Classification
ASOP 17	Expert Testimony by Actuaries
ASOP 21	Responding to or Assisting Auditors...
ASOP 32	Social Insurance

ASOP 23	Data Quality
ASOP 25	Credibility Procedures
ASOP 38	Catastrophe Modeling
ASOP 56	Modeling

Practice-Specific ASOPs

Casualty

ASOP 7, 13,
19, 20, 29, 30,
36, 39, 43, 53

ERM

ASOP 46, 47,
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Health

ASOP 3, 5, 6,
7, 8, 11, 18, 19,
22, 26, 28, 42,
45, 49, 50, 57

Life

ASOP 2, 7, 10,
11, 15, 19, 22,
24, 33, 37, 40,
48, 52, 54, 57

Pension

ASOP 4, 6, 27,
34, 35, 44, 51

Applicability Guidelines

Applicability Guidelines for Actuarial Standards of Practice

Introduction to the Applicability Guidelines

Actuarial Standards of Practice. The Actuarial Standards Board (ASB) sets standards for appropriate actuarial practice in the United States through the development and promulgation of Actuarial Standards of Practice (ASOPs). These ASOPs describe the procedures an actuary should follow when performing actuarial services and identify what the actuary should disclose when communicating the results of those services. ASOPs are authoritative guidance for actuaries practicing in the United States, and the ASB has exclusive authority to determine whether an ASOP is needed in a particular actuarial practice area.

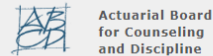
Applicability Guidelines. The Applicability Guidelines (AGs) are not published by the ASB. AGs are published by the Council on Professionalism and Education of the American Academy of Actuaries and are intended to assist actuaries in identifying which ASOPs might provide guidance to them on more common assignments. Actuaries are not in any way bound or required to comply with these AGs. AGs are not exhaustive, are not themselves guidance, and are not definitive statements on what constitutes generally accepted practice for any particular actuarial task. Rather they are a resource for, but not guidance to, practitioners. It is ultimately the actuary's responsibility to use their professional judgment to identify the ASOPs that apply to each assignment.



If an ASOP has been revised and is applicable only after a date subsequent to the date of publication of the Guidelines, the column for that ASOP is highlighted in light blue.

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 version of each ASOP effective at the time those services are rendered. Please send suggestions for improving these guidelines (such as additional actuarial assignments that might be covered) to the Council on Professionalism and Education at ApplicabilityGuidelines@actuary.org.

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



Actuarial Board
for Counseling
and Discipline



Actuarial
Standards Board

QUICK LINKS

- Code of Professional Conduct
- U.S. Qualification Standards
- Annual Meeting

- TRACE® Tracking Your CE
- Public Discipline



PRESIDENT'S
MESSAGES

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

Case Studies

Case Study #1

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FACT PATTERN: Ivan Dunno, ASA, works for a small insurance company, Periwinkle Life & Health. Periwinkle Life & Health makes no effort to ensure that actuaries in its employ meet continuing education (CE) requirements for actuaries issuing statements of actuarial opinion (SAOs) in the U.S. Early in the fourth quarter of 2021, Mr. Dunno informs his boss, Mr. Arthur Doncare, FSA, that he is in danger of failing to accumulate enough CE hours to meet CE requirements for the year. Because Mr. Dunno is responsible for statements of actuarial opinion (SAOs), he asks his boss to provide him with time and funds to attend sufficient organized education events to meet the CE requirements of the U.S. Qualification Standards for 2022. His boss, Mr. Doncare, refuses. Mr. Dunno calls the ABCD to submit a request for guidance.

QUESTION: If you were the ABCD member assigned to respond, what would you include in your discussion?

Case Study #2

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FACT PATTERN: Tara A. Bandonship, an actuary, has left her longtime employer, G. Willickers Actuaries (Willickers), for a new position at SayWhat Consulting. While at Willickers, Ms. Bandonship worked for several years on the Combined Life and Long-Term Care offering for Large Employer, Inc.'s self-insured plan. As it happens, SayWhat Consulting has been engaged to perform a review of the most recent reserve valuation performed by Willickers for the combo product for Large Employer, Inc. Tara A. Bandonship's new boss tells her that her first assignment in her new job will be to lead the team performing the Large Employer review because her familiarity with the plan provisions will allow the project to be carried out very efficiently and because she knows where Willickers "cut corners" and thus is more apt to identify subtle problems that other actuaries would have trouble finding.

QUESTION: Can Ms. Bandonship do this and fulfill the requirements of the Code of Professional Conduct?

Case Study #3

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FACT PATTERN: Continuing with the prior example—SayWhat Consulting performs the Large Employer review using Ms. Bandonship as the lead consultant without addressing the conflict of interest. Ms. Bandonship’s former colleagues at G. Willickers Consulting become aware of this (and say to each other, “Gee Willickers!”) but say nothing to anyone else about it because they consider Tara A. Bandonship to be a “friend.” The CFO of Large Employer learns of Ms. Bandonship’s work on the audit, immediately senses the conflict of interest, and files a complaint against the actuary with the ABCD.

QUESTION: Who is at fault here? What if Ms. Bandonship refuses to cooperate with the ABCD?

Case Study #4

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FACT PATTERN: Subject Actuary sent numerous inappropriate email transmissions of a harassing, vulgar, threatening, and intimidating nature to actuaries and others. Subject Actuary was arrested for sending harassing emails and ordered by a court not to send such communications in the future. Subject Actuary's email transmissions made personal attacks using indecent and grossly offensive language. These emails caused distress, anxiety, and fear in the recipients.

QUESTION: Should the Subject Actuary be disciplined? Why or why not?

Case Study #5

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FACT PATTERN: Your boss is preparing for an important meeting and has asked for a quick projection of reserves for the next 10 years. The tools you have available would allow this calculation, but it will take a couple of weeks. When you explain this, your boss asks you to just do something “quick and dirty” because the meeting is in two days.

QUESTION: What, if any, are the issues under the Code of Professional Conduct?

Case Study #6

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FACT PATTERN: An actuary named Thomas Endoduline has been terminated by his consulting firm employer. Another actuary at the firm, Thomasina Promise, has questions on his work papers for a client, but Mr. Endoduline has refused to cooperate or answer any questions.

QUESTION: Is this a potential violation?

Case Study #7

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FACT PATTERN: An actuary, while being interviewed by a newspaper reporter, made statements published in that newspaper suggesting that his actuarial work lacked a scientific basis, and that his conclusions were influenced by the desired outcomes of his clients.

QUESTION: Could the actuary be disciplined for his public comments? Why or why not?

Questions?

Learn more anytime at actuary.org.

Resources

- ABCD website <http://www.abcdboard.org/>
- Request for guidance:
 - <http://www.abcdboard.org/standards/guidance/>
 - Or email guidance@abcdboard.org

Professionalism Resources

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- 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>

Academy Professionalism Resources

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Professionalism Webpage

actuary.org/content/professionalism

- Code of Professional Conduct
- ASOPs
- Discussion papers
- U.S. Qualification Standards
- Webinars
- Applicability Guidelines
- Professionalism Counts

Professionalism First Microsite

professionalism.actuary.org

- Member Spotlight
- President's Message
- Up to Code column in *Contingencies*

USQS Webpage

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PROFESSIONALISM

PUB

ABOUT US

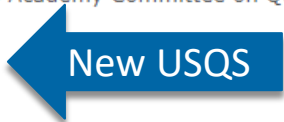
MEMBERSHIP

PUB

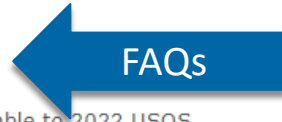
U.S. Qualification Standards

The U.S. Qualification Standards were revised effective Jan. 1, 2022, 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, 2022)



FAQs on the U.S. Qualification Standards



"Which CE Requirements Apply to Me?" infographic applicable to 2022 USQS
(March 2022)

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



History of U.S. Qualification Standards

- CE Infographic
- 57 FAQs
- Submit Questions

Attestation Form

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- <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)



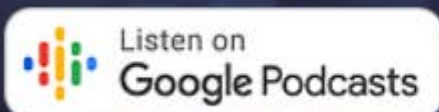
**Welcome To The U.S. Qualification Standards
Attestation Form**

Please log in above with your username and password to create or update your current and past attestations.

Academy Podcast

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- 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://contingencies.org/actuary-voices-podcast/> or via the below podcast feeds.



Upcoming Professionalism Webinar

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American Academy of Actuaries Webinar “Tales From the Dark Side” Dec. 19, 2023

Explore examples of ethical problems based on cases and requests for guidance that have been brought before the Actuarial Board for Counseling and Discipline.

Share Your MAAA

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- The Academy's new digital badge allows members to showcase their achievement, support, and commitment to the actuarial profession.
- If you are a member, make sure to [claim and share your badge](#).

