



Professionalism Update from the American Academy of Actuaries

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Presenters



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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 the ABCD, ASB, the Committee on Qualifications, or any other boards or committees of the American Academy of Actuaries, or any other actuarial organization, nor do they express the opinions of our employers.

Agenda

1. How the US actuarial profession is organized
2. Self-regulation and the professionalism structure in the US
3. Code of Professional Conduct
4. Qualification Standards
5. Actuarial Standards of Practice
6. Counseling and Discipline
7. Professionalism – responding to changing times
8. The role of the Academy
9. Thoughts about the future
10. Q&A

How the US actuarial profession is organized

Elements of a profession:

- Specialized knowledge – initial and continuing education
- Accreditation
- Ethical code
- Accountability
- Commitment/assurances to the public

How the US actuarial profession is organized

US actuarial profession

- Education, credentialing – SOA, CAS accreditation
- Regulation: Code of conduct, qualification standards, practice standards
- Accountability – counseling and discipline; ABCD
- Commitment the public – public policy and research initiatives

Self-regulation and the professionalism structure in the US

- What is self-regulation?
- How does the US professionalism structure support our self-regulation?

Self-regulation

- Actuarial science: universal aspects vs. local aspects
- Regulation of actuarial work
 - Around the world
 - In the US
- Regulation of the *actuarial profession*
 - Around the world
 - In the US

Self-regulation

From among the ways actuaries can fulfill their responsibility for self-regulation, an important one is to ...

"Monitor other actuaries – This is perhaps the most difficult aspect of a self-regulating profession, but it is of utmost importance."

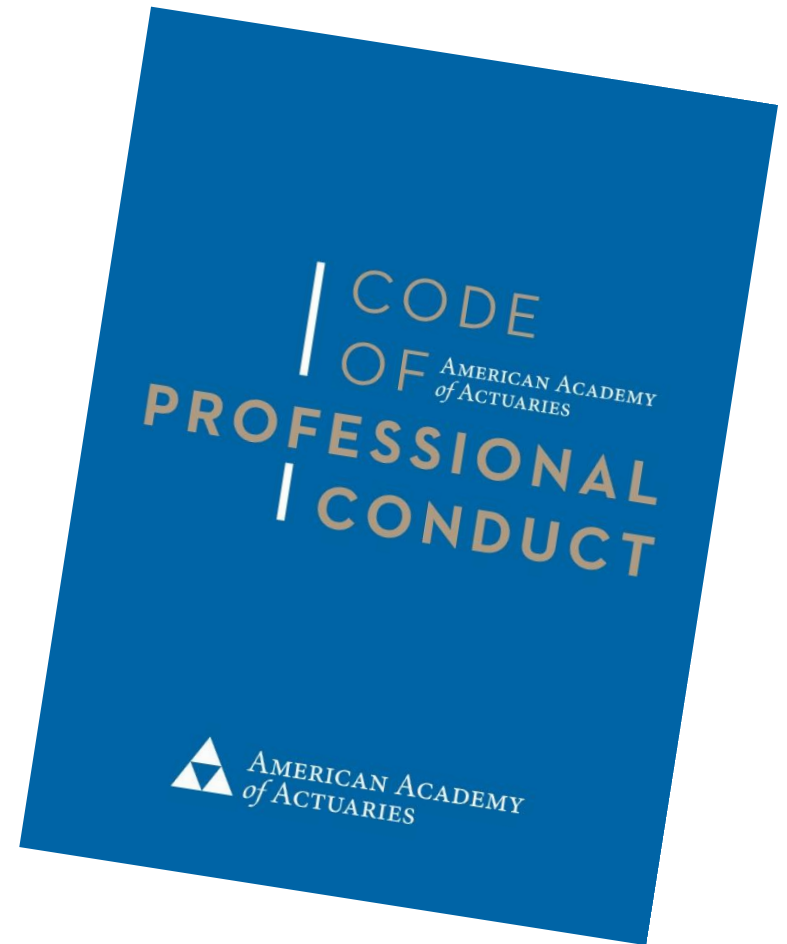
Professionalism Structure in the US

- Code of Professional Conduct
- US Qualification Standards
- Actuarial Standards of Practice
- Counseling and Discipline
- Dynamic elements

Professionalism Structure in the US

- **Code of Professional Conduct**
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The Code of Professional Conduct



Code of Professional Conduct

- The current Code of Professional Conduct was adopted by the five US-based actuarial organizations and took effect January 1, 2001
 - Academy, CAS, SOA, CCA, and ASPPA (now ASEA)
- The Code sets forth professional/ethical standards for actuarial members of the five US-based actuarial organizations
- The Code contains 14 Precepts, with annotations
- The Precepts are standards that must be followed by credentialed actuaries who are members of one of the five US-based actuarial organizations

Code of Professional Conduct

1 Precept 1: Professional Integrity

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.

Precept 1: Professional Integrity

- Public responsibility
 - Perform actuarial services with skill and care.
- Professional responsibility
 - Refuse to provide actuarial services that would violate or evade the law, or damage the profession's reputation.

Precept 1: Professional Integrity

- Potential violations of Precept 1 may include
 - ▣ An actuary who commits tax fraud or does not honor their financial commitments
 - ▣ An actuary who does not keep up with law changes because they are overworked
 - ▣ An actuary who purposefully understates or overstates assumptions to benefit a financially stressed client or employer
 - ▣ An actuary who does sloppy work because they are doing the job of two actuaries
 - ▣ An actuary who does a poor job on an assignment because the client has not paid him

Precept 1: Professional Integrity

Major Issue Alleged	ABCD Disposition in 2024					Active on 12/31/24			TOTAL
	Discipline	Counsel	Dismiss	Mediate	Total	Initiated before 2024	Initiated in 2024	Total	
Precept 1: Failure to act with integrity		1	3		4	1		1	5
Failure to perform services with competence	1	2	4		7	1	1	2	9
Failure to uphold the reputation of the actuarial profession	1	2	4		7	2	2	4	11
Precept 2: Performing work when not qualified	1		1		2	1	2	3	5
Precept 3: Work fails to satisfy an ASOP(s)	1	1	2		4		1	1	5
Precept 4: Inadequate actuarial communication	1				1				1
Precept 5: Failure to identify principal, capacity of service									
Precept 6: Failure to disclose direct & indirect material compensation									
Precept 7: Conflict of interest violation									
Precept 8: Failure to take reasonable steps to prevent misuse of work product									
Precept 9: Disclosure of confidential information									
Precept 10: Failure to perform services with courtesy & professional respect & cooperate with others in principal's interest									
Precept 11: False or misleading advertising						2		2	2
Precept 12: Improper use of title and designation						1		1	1
Precept 13: Failure to report apparent, unresolved material violation									
Precept 14: Failure to respond promptly, truthfully, & fully to the ABCD									

Precept 1 violations are consistently cited as the most prevalent alleged violation in ABCD cases.

In 2024, the ABCD responded to nearly 100 requests for guidance, half of which involved Precept 1.

Full ABCD report available at <https://www.abcdboard.org/resources/annual/>

Code of Professional Conduct

2 Precept 2: Qualification Standards

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.

Precept 2: Qualification

- An actuary must never take on a job they aren't competent to do properly

Precept 2: What does it mean to be “Qualified”?

- The Code defines the basic obligation
- The USQS provides an objective framework for determining when I’m qualified
 - ▣ Am I properly trained? (Basic Education)
 - ▣ Do I have real-world experience? (Experience)
 - ▣ Am I keeping up to date? (Continuing Education)
- The ethical obligation is to apply the “look in the mirror” test

Precept 2: A common question

- In several cases before the ABCD, the subject actuary has ...
 - ▣ Failed to meet the requirements for CE prior to performing services
 - ▣ Incorrectly believed that a retirement status exempted them from the CE requirement

Code of Professional Conduct

3 Precept 3: Standards of Practice

An Actuary shall ensure that Actuarial Services performed by or under the direction of the Actuary satisfy applicable standards of practice.

Precept 3: Standards of Practice

- Annotation 3-1: Responsibility of an actuary to observe applicable standards ... ***for the jurisdiction in which the Actuary renders Actuarial Services ...***
- In the U.S., these are our ASOPs

Precept 3: Standards of Practice

- Annotation 3-2: Where a question arises to the applicability of an ASOP, an actuary shall utilize ***professional judgment***
- Annotation 3-3: When an actuary uses procedures that depart materially from those set forth in ASOPs, the Actuary must be ***prepared to justify***

Precept 3: Standards of Practice

- A frequent allegation of ABCD inquiries is the failure of work to satisfy ASOP requirements
- Examples of allegations
 - ▣ Failure to understand and consider applicable law
 - ▣ Inappropriate methods
 - ▣ Inadequate support for assumptions
 - ▣ Using assumptions that conflict with or ignore experience

Code of Professional Conduct

4 Precept 4: Communications

An Actuary who issues an Actuarial Communication shall take steps to ensure that is clear and appropriate to the circumstances and audience and satisfies applicable standards of practice.

Code of Professional Conduct

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Precept 5: Communications

Appropriately identify the principals and describe the capacity in which you serve.

Precepts 4–5: Communication

- Annotation 4-1: Actuary who issues an Actuarial Communication shall ensure that [it] clearly ***identifies the Actuary*** as being responsible for it
- Annotation 4-2: Actuary who issues an Actuarial Communication should indicate the extent to which the Actuary or others are available to provide ***supplementary information and explanation***

Precepts 4–5: Communication

- Precept 5: “An actuary who issues an Actuarial Communication shall, as appropriate, identify the Principal(s) for whom the Actuarial Communication is issued and describe the capacity in which the Actuary serves.”

Precepts 4–5: Communication

- To summarize, the communication needs to
 - ▣ Be clear
 - ▣ Be appropriate for intended audience
 - ▣ Satisfy applicable standards of practice
 - ▣ Clearly identify actuary responsible for the work
 - ▣ Identify Principal(s)
 - ▣ Describe capacity in which actuary serves

Precepts 4–5: Clear Communications

- “clear and appropriate to the circumstances and its intended audience”
 - ▣ What level of language is needed for different audiences?
 - ▣ Those who work for insurance companies have a greater understanding of actuarial language than the general public.
- ASOP No. 41 further expands on appropriate communications

Precept 4: Inadequate Actuarial Communication

- ABCD case: an actuary was disciplined for failing to identify data, assumptions, and methods used in a report in a manner sufficient for another actuary qualified in the same practice area to appraise the reasonableness of the report
- This actuary was disciplined for violating Precepts 3 and 4 (among others)

Code of Professional Conduct

6 Precept 6: Disclosure

Make appropriate and timely disclosure to present or prospective principals of sources of all direct and indirect material compensation you or your firm receives that relates to any assignment for that principal.

Precept 6: Compensation disclosure

- An actuary must disclose all sources of material compensation to a present or prospective Principal
 - ▣ Compensation to the actuary or the actuary's firm
 - ▣ Past or possible future compensation
 - ▣ Related to an assignment for which the actuary has provided, or will provide, actuarial services for that principal
- Limited to sources known to, or reasonably ascertainable by, the actuary

U.S. Code of Professional Conduct

7 Precept 7: Conflict of Interest

Precept 7: Conflict of Interest

"An Actuary shall not knowingly perform Actuarial Services involving an actual or potential conflict of interest unless:

- A. the Actuary's ability to act fairly is unimpaired;
- B. there has been disclosure of the conflict to all present and known prospective Principals whose interests would be affected by the conflict; and
- C. all such Principals have expressly agreed to the performance of the Actuarial Services by the Actuary."

Precept 7: Conflict of Interest

- Real conflict of interest
- Perceived conflict of interest
- Resource

https://www.actuary.org/sites/default/files/files/publications/COI_Paper_012811.pdf

Code of Professional Conduct

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Precept 8: Control of Work Product

An Actuary who performs Actuarial Services shall take reasonable steps to ensure that such services are not used to mislead other parties

Precept 8: Control of Work Product

- Code indicates we have a responsibility to the public
- That responsibility extends beyond our immediate employer or client to regulators, investors, beneficiaries, etc.
- If we allow our work to be used to mislead (and potentially harm) the public, then we've failed as a profession

Precept 8: Example of Misuse of Work Product

- In a recent case before the ABCD, the subject actuary
 - ▣ Did not perform the underlying tests required to make the certifications they issued
 - ▣ Misled state regulators where the certifications were filed, as well as management, agents, and policyholders of the employer

Code of Professional Conduct

9 Precept 9: Confidentiality

An Actuary shall not disclose to another party any Confidential Information unless authorized to do so by the Principal or required to do so by Law.

Code of Professional Conduct

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Precept 10: Courtesy and Cooperation

Perform actuarial services with courtesy and professional respect and cooperate with others in the principal's interest.

Precept 10: Courtesy and Cooperation

Precept 10:
"An Actuary shall
perform Actuarial
Services with
courtesy and
professional respect
and shall cooperate
with others in the
Principal's interest."

- The "Golden Rule" of the actuarial profession
 - ▣ Courtesy
 - ▣ Professional respect
 - ▣ Cooperation with others in Principal's interest
- Precept 10 is so important that it has more annotations than any other Precept

Precept 10: Courtesy and Cooperation

Precept 10:
"An Actuary shall
perform Actuarial
Services with
courtesy and
professional respect
and shall cooperate
with others in the
Principal's interest."

10-1: Differences of opinion among actuaries may arise

10-2: A Principal may choose any advisor, and an actuary may serve any Principal who requests it

10-3: A Principal may be best served by offering an alternative opinion to one expressed by another actuary

10-4: A Principal may request an actuary to advise on the same matter as another actuary

10-5: If a Principal agreed to communication, current actuary shall cooperate in providing info to new actuary

Precept 10: Differences of Opinion

- Discussions about differences of opinion between actuaries, or in making comments after observing another actuary, should be conducted objectively, with courtesy and respect and in a straightforward matter
- It may be difficult to start up a discussion if there are differences, but it's important to do so
- Such discussions are supported by ASOP No. 1, which says that actuaries can reach different but reasonable results using the same set of facts

Precept 10: Alternative Opinions

- Alternative opinions may be in the best interest of a Principal.
- Such an alternative opinion should be presented with an explanation of the reasons why.
- The Code in no way limits the actuary from expressing an alternative opinion.

Precept 10: Consultation

- When providing advice to a Principal, a new actuary may wish to consult with the previous actuary to adequately prepare for the assignment.
- Objectives for the consultation also include being able to make an informed opinion regarding possible violations of the Code that may affect acceptance of the assignment.
- A new actuary should get permission from the Principal to consult with the previous actuary.

Precept 10: Cooperation and Compensation

- The former actuary shall cooperate in furnishing relevant information and in a timely fashion, even if there's a fee dispute with the Principal.
- Reasonable compensation for the work or costs in producing such work is appropriate.

Precept 10: Example of failure to cooperate

- In a recent case, the ABCD found an actuary in violation of Precept 10 because the subject actuary was unresponsive to repeated requests by a successor actuary for documents.

Code of Professional Conduct

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Precept 11: Advertising

An actuary shall not engage in any advertising or business solicitation activities with respect to Actuarial Services that the Actuary knows or should know are false or misleading.

Precept 11: Advertising

- Examples of violations
 - Advertising that you have been practicing in an area for 20 years when in fact you just started in that area
 - Use of hyperbole to imply you are the only one qualified to perform those services or the “best” actuary in the country

Code of Professional Conduct

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Precept 12: Titles and Designations

An Actuary shall make use of membership titles and designations of a Recognized Actuarial Organization only in a manner that conforms to the practices authorized by that organization.

Precept 12: Improper Use of Designation

- Example of a violation by a subject actuary
 - Actuary stopped paying membership dues to the Academy
 - Actuary was removed from the Academy's membership roll
 - Despite losing his membership status, the Actuary continued to represent himself as an Academy member by using the MAAA designation

Code of Professional Conduct

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Precept 13: Violations of the Code

If you know of an apparent, unresolved, material violation of the Code by another actuary and have attempted to resolve that violation through discussions that have been unsuccessful, you should disclose the violation to the ABCD.

Precept 13: Essential part of our profession's 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."

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*

Code of Professional Conduct

14 Precept 14: Cooperation with ABCD

Respond promptly, truthfully and fully to requests from the ABCD subject to restrictions on confidentiality and those imposed by law.

Precept 14: Counseling and Discipline

- Actuarial Board for Counseling and Discipline
- ABCD provides guidance (two Forms)
 - Most common is informal, individual guidance.
 - Occasionally, public guidance.
- ABCD investigates and may recommend discipline
 - Discipline is decided upon and then imposed by actuarial organizations of which the actuary is a member.

Precept 14: The Actuary's Responsibility

- "An Actuary shall respond promptly, truthfully, and fully to any request for information by, and cooperate fully with, an appropriate counseling and disciplinary body of the profession in connection with any disciplinary, counseling, or other proceeding of such body relating to the Code."
- "The Actuary's responsibility to respond shall be subject to applicable restrictions on Confidential Information and those imposed by Law."

Professionalism Structure in the US

- Code of Professional Conduct
- **US Qualification Standards**
- Actuarial Standards of Practice
- Counseling and Discipline
- Dynamic elements

USQS Are Rooted in Precept 2 of the Code

PRECEPT 2. "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]*

USQS Are Rooted in Precept 2 of the Code

“It is the professional responsibility of an Actuary to **observe applicable qualification standards** that have been promulgated by a Recognized Actuarial Organization for the jurisdictions in which the Actuary renders Actuarial Services and to keep current regarding changes in these standards.” *[emphasis added]* (Annotation 2-1)

USQS: General Structure

- 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
- Appendices (including examples of SAO and recordkeeping, alternate basic education statement, and other topics)

Key Definitions

Statement of Actuarial Opinion (SAO) Defined

- An opinion expressed by an actuary who is subject to the Code of Professional Conduct by virtue of membership in a US-based actuarial organization:
 - where such opinion is expressed in the course of performing Actuarial Service, and
 - Intended by that actuary to be relied upon by the person or organization to which the opinion is addressed

Actuarial Services Defined

- Defined in the Code of Professional Conduct
- Professional services provided to a Principal (client or employer) by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations

SAOs ...

- An SAO can be either oral or written
- Statements providing information/data without advice or opinion would not be an SAO
- Examples of SAOs are included in Appendix 1 of the USQS

Qualifications to Issue an SAO

- Prior to issuing an SAO an actuary must meet
 - Section 2, General Qualification Standard
 1. Section 2.1, Basic Education and Experience Requirement AND
 2. Section 2.2, Continuing Education
 - For NAIC Annual Statement-related SAOs, additional requirements are described in Section 3, Specific Qualification Standards.

Basic Education and Experience

- Section 2.1(a): Education
- Section 2.1(b): Experience
- Section 2.1(c): U.S.-Specific Knowledge
- Section 2.1(d): Subject Area Knowledge

Education—Section 2.1(a)

- Have achieved a designation from SOA, CAS or achieved EA; or for all others, be a current or former member of the Academy through its approval process
- “Current or former Member of the Academy” provides a vetting process for actuaries who have not received an SOA, CAS, or EA designation (primarily non-U.S. actuaries).

Experience—Section 2.1(b)

- All actuaries must have 3 years of responsible experience.
- Responsible experience is defined as work that requires “knowledge and skill in solving actuarial problems.”

US-Specific Knowledge—Section 2.1(c)

- The USQS applies only to SAOs issued in the US
- This requirement requires that the actuary be knowledgeable, through education or documented professional development, of
 - US applicable to the SAO, and
 - US actuarial practices and principles
- “Law” is defined in the Code as statutes, regulations, judicial decisions, and other statements having legally binding authority

Subject Area Knowledge—Section 2.1(d)

- In order to issue SAO in area of actuarial practice or any particular subject within area of actuarial practice, actuary must meet either of 2 criteria with respect the particular subject of the SAO
- Attained fellowship in the CAS or SOA, or attained the highest possible actuarial designation of a non-U.S. actuarial organization. In addition, meet either education or experience requirements, OR
- Have minimum of 3 years of responsible actuarial experience in particular subject relevant to SAO under review of actuary who was qualified to issue the SAO at the time the review took place under the USQS in effect at that time

Basic Requirements—Only Once

- Basic Education and Experience Requirements need be met only once for an area of practice or a particular subject within an area of practice.
- Example: Received FSA in the health specialty track of the SOA, and no long-term care (LTC) specific examinations or courses were available. Changed jobs from health care pricing work to LTC pricing. The basic education and experience requirement has been met because LTC specific education was not available at the time the health specialty track was selected.
 - However, the Code requires that actuaries perform Actuarial Services only when qualified to do so.
 - In this case the actuary must comply with sections 4.2 or 4.3, which require qualification through appropriate (and relevant) continuing education.

Continuing Education

CE Requirements

- Goal is to remain current on emerging advancements in actuarial practice and science that are relevant to
 - The actuarial services we provide
 - Related disciplines

CE Requirements

- Annual CE requirement: Complete and document 30 hours of relevant CE
 - At least 3 hours on professionalism topics
 - At least 6 hours of organized activities
 - No more than 3 hours on general business skill topics
 - At least 1 hour on bias topics
- Professionalism: Studying, reviewing the Code or ASOPs, providing input on exposure drafts, etc.
- Organized activities: Interactions with other actuaries or other professionals working for different organizations

CE Requirements

- CE is relevant if it ...
 - Broadens or deepens our understanding
 - Exposes us to new and evolving techniques for addressing actuarial issues
 - Expands our knowledge of practice in related disciplines
 - Facilitates entry into new areas
- Relevance is a good-faith determination

CE Requirements

- Also
 - If 30 hour requirement is not met in the current year before an actuary issues a SAO, shortfall can be earned in same year, if earned prior to issuing SAO
 - An hour of CE is defined as 50 minutes and fractions of an hour may be counted
 - CE for actuaries practicing in more than one area: The combined total remains at 30 hours; use good judgment
 - Hours of CE in excess of annual requirement, including organized activities, may be carried forward 1 year

Bias and Actuarial Services

- Actuaries are traditionally trained in risk classification, selection, underwriting, etc.
- Our principals and the public...
 - Value our objectivity, and
 - Expect us to be able to identify bias in assumptions, algorithms, models
- New and emerging relevance and demands on us from
 - Big data
 - Artificial intelligence
 - Evolving regulatory and societal expectations of financial systems, products, and services

Bias and Actuarial Services

The one CE hour requirement on bias needs to be directly related to actuarial services.

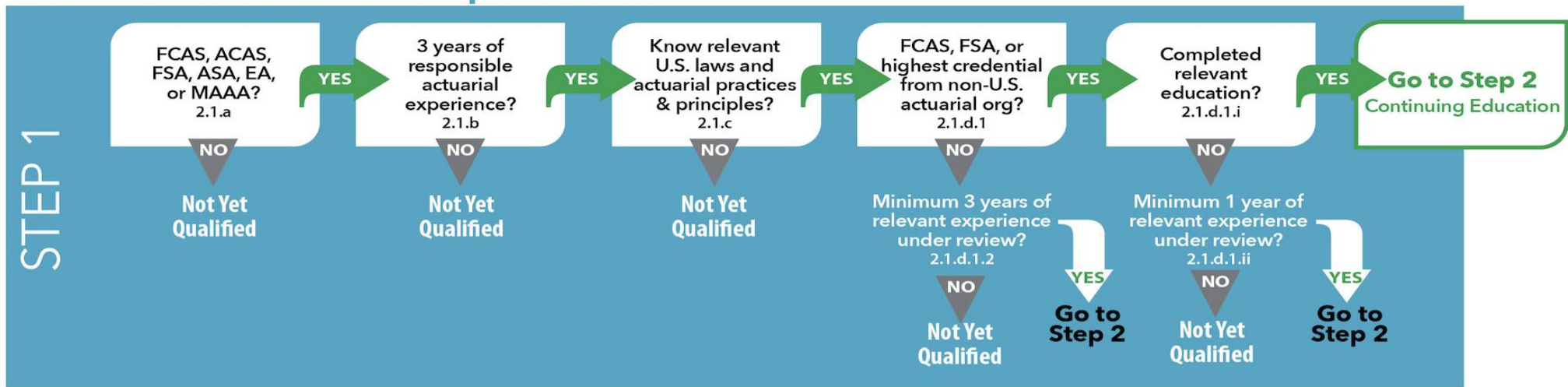
2.2.6 [in part]:

b) Bias topics include content that provides knowledge and perspective that assist in identifying and assessing biases in data, assumptions, algorithms, and models that impact Actuarial Services. Biases may include but are not limited to statistical, cognitive, and social biases.

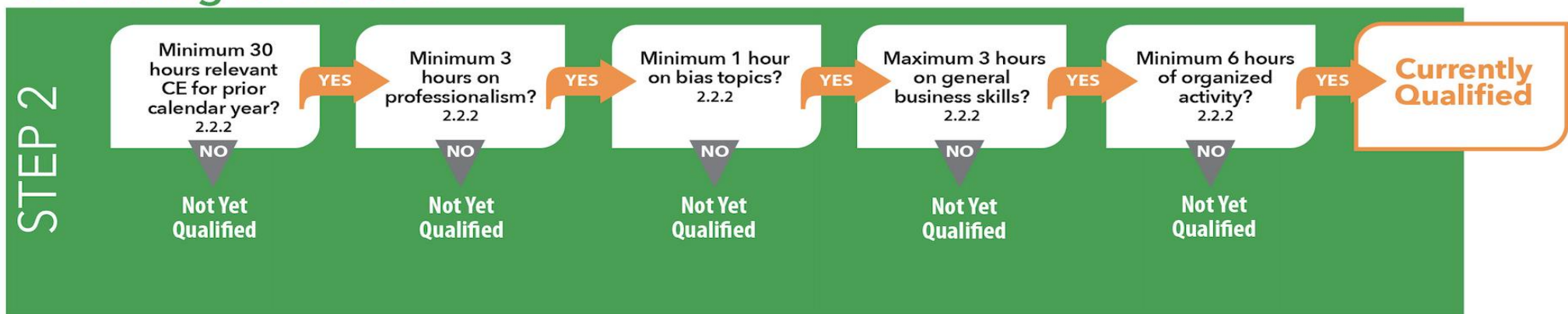
General Qualification Standard:

Are You Qualified to Issue an SAO in the U.S.?

Basic Education and Experience



Continuing Education



Specific Qualifications, Area of Practice, Changes in Practice Area, and Acknowledgment of Qualifications

Specific Qualification Standard

- Specific Qualification Standards apply only to the types of SAOs for which such standards have been adopted. Found in section 3 of the USQS
 - Statement of Actuarial Opinion, **NAIC Life and Accident & Health, and Fraternal Annual Statement**
 - Statement of Actuarial Opinion, **NAIC Property and Casualty Annual Statement**
 - Statement of Actuarial Opinion, **NAIC Health Annual Statement**

Specific Qualification Standards—Addition of Society of Actuaries to Property and Casualty Opinion Basic Education Requirement

Commentary

- Section 3.1.1.2—Addition of the Society of Actuaries to the listing of entities that may administer relevant education
- The impetus behind opening the USQS for update
- Note that this update is not in the current USQS

Second Exposure Draft Text

- Section 3.1.1.2

Statement of Actuarial Opinion, NAIC Property and Casualty Annual Statement — An actuary should successfully complete relevant examinations administered by the American Academy of Actuaries, the Casualty Actuarial Society, or the Society of Actuaries 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.

Experience for Specific USQS

- At least **three years of responsible experience**
- **Relevant to the subject** of the SAO
- **Under review** by an actuary who was qualified to issue the SAO at the time the review took place under standards in effect at that time

Under Review of Qualified Actuary

- FAQ 19: "Do the 3 years of experience need to be obtained while working directly under a qualified actuary...?"
 - No requirement to work "directly under" the qualified actuary, but the qualified actuary must have reviewed the actuary's work and must have been appropriately qualified "at the time the review took place."

Areas of Practice

Commentary

- The term “Areas of Practice” appears in multiple places in the current USQS.
 - Defined in section 1.4 as “The traditional areas of actuarial practice are casualty, health, life, and pension.”
- The use of “Areas of Practice” in the first exposure draft sometimes referred to the four defined areas and sometimes to an area more specific than the four.
- References needing more specificity were revised.

Current Standard

- Example: Section 2.1(d) text

Subject Area Knowledge: In order to issue Statements of Actuarial Opinion on any particular subject within an area of actuarial practice, an actuary must meet one of the following with respect to the particular subject of the Statement of Actuarial Opinion

Changes in Practice Area

- Section 4.1, Changes in Areas of Actuarial Practice
- Must meet the basic education and experience requirements, including
 - Knowledge of applicable law, practice, and principles
 - Relevant continuing education
 - The Look in the Mirror test
- Does not require taking additional exams

Changes in Practice and Application

- Section 4.2, Changes in Application
 - Recognizes new principles, standards of practice, and supporting literature
 - Continuing education
- Section 4.3, Emerging or Non-Traditional Areas of Actuarial Practice
 - New areas continually emerge that are likely to involve actuaries providing an SAO
 - Principle-based—to obtain knowledge through continual learning

Acknowledgment of Qualifications

- Section 5 of USQS
- SAOs should include an acknowledgement of qualifications.
- The following example is provided:
 - I, [Name], am [Position] for [Company]. I am a member of the American Academy of Actuaries [or other organization] and I meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States of the American Academy of Actuaries to render the actuarial opinion contained herein.
- Not required on preformatted forms

Acknowledgment of Qualifications

- Ongoing communications
 - Not necessary to include acknowledgment every time
 - Not required for oral SAO that is part of ongoing communication
- Annual acknowledgment is appropriate

Resource for CE Requirements

Which CE requirements

APPLY TO ME?

The **USQS** continuing education requirements are **MANDATORY** for all credentialed actuaries who issue statements of actuarial opinion (SAOs) relied on in the U.S.*

*No matter to which other U.S.-based actuarial organization(s) you belong

The USQS apply to U.S.-based actuarial organization members who render actuarial services in the United States.

- American Academy of Actuaries
- American Society of Enrolled Actuaries
- Casualty Actuarial Society
- Conference of Consulting Actuaries
- Society of Actuaries

USQS EXEMPTIONS

- Actuaries not issuing SAOs
- Actuaries issuing SAOs only outside the U.S.



US Qualification Standards (USQS) include:



Basic education

Responsible
actuarial
experience



Continuing
education

Specific Qualification Standards for Certain Types of SAOs

Actuaries issuing the following types of SAOs must possess additional specific qualifications, as outlined in Section 3 of the USQS.

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

The USQS Specific Qualification Standards require a minimum of 15 directly relevant CE hours, of which 6 must be organized activities. These hours may apply toward the 30 hours required annually.

Learn more at www.actuary.org/USQSFAQs

U.S. Qualification Standards Attestation Form



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.

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)



Current U.S. Qualification Standards

The U.S. Qualification Standards (USQS) serve as a cornerstone of excellence, laying out the necessary education, experience, and ongoing professional development that actuaries must achieve to issue Statements of Actuarial Opinion (SAOs).

(in effect as of Jan. 1, 2022)

[READ THE STANDARDS](#)[USQS](#)[FAQs](#)[Ask a Question](#)

QUICK ACTIONS

- [Current USQS](#)
- [USQS FAQs](#)
- [CE Requirements](#)
- [Submit a Question](#)
- [USQS Attestation Form](#)
- [USQS History](#)
- [2008 USQS](#)
- [Pre-2008 USQS](#)

Current COQ Project: NAIC Knowledge Statements

At the request of NAIC, which is seeking additional tools to help insurance regulators evaluate qualifications when there are changes to CAS and SOA syllabi, the COQ is leading the revision of the P&C Knowledge Statement and developing Knowledge Statements for L&H.

Professionalism Structure in the US

- Code of Professional Conduct
- US Qualification Standards
- **Actuarial Standards of Practice**
- Counseling and Discipline
- Dynamic elements

Actuarial Standards of Practice

- Rooted in Precept 3 of the Code:

*"Precept 3: An Actuary shall ensure that Actuarial Services performed by or under the direction of the Actuary satisfy **applicable 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

Actuarial Standards of Practice

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

The ASOP Advantage

- Provide practicing actuaries with a basis for assuring that their work will conform to appropriate practices.
- Provide guidance, particularly in practice areas that may be somewhat unfamiliar.
- Give strong evidence to any interested observer that the profession serves the public in an effective and responsible way.
- Offer evidence of appropriate professional performance in the event of a civil or professional disciplinary action.

Structure: ASOPs by Practice Area

Cross-Practice ASOPs

ASOP No. 1 Introductory ASOP			
ASOP No. 41 Actuarial Communications			
ASOP No. 12	Risk Classification	ASOP No. 25	Credibility Procedures
ASOP No. 17	Expert Testimony by Actuaries	ASOP No. 32	Social Insurance
ASOP No. 21	Responding to or Assisting...	ASOP No. 38	Catastrophe Modeling
ASOP No. 23	Data Quality	ASOP No. 56	Modeling

Practice-Specific ASOPs

<u>Casualty</u>	<u>ERM</u>	<u>Health</u>	<u>Life</u>	<u>Pension</u>
7, 13, 19, 20, 29, 30, 36, 39, 43, 53	55, 58	3, 5, 6, 7, 8, 11, 18, 19, 22, 26, 28, 42, 45, 49, 50	2, 7, 10, 11, 15, 19, 22, 24, 33, 37, 40, 48, 52, 54, 57, <i>Reinsurance pricing</i>	4, 6, 27, 34, 35, 44, 51

Orange indicates an ASOP under revision and *orange italics* indicates a proposed new ASOP.

ASOPs Recently Taken Effect

- Dec. 1, 2024 – ASOP No. 24, *NAIC Life Insurance Illustrations Model Regulation*
- Jan. 1, 2025 – ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*
- May 1, 2025 – ASOP No. 58, *Enterprise Risk Management* (replaces ASOP Nos. 46 and 47, which have been repealed)

ASOP Exposure Open for Comment

- No. 20, now titled *Analysis of Property/Casualty Cash Flows, Including Discounting* – comment by **Aug. 1, 2025**

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Self-regulation

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

"Monitor other actuaries – This is perhaps the most difficult aspect of a self-regulating profession, but it is of utmost importance."

Actuarial Board for Counseling and Discipline

Two primary functions

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

ABCD Processes

- Follow Article X of Academy 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

ABCD Inquiry

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

ABCD Inquiry...

- An ABCD inquiry:
 - Is a fact-finding inquiry, it is not an adversarial, forum.
 - Determines whether the subject actuary materially violated the Code of Professional Conduct.
 - May result in a recommendation for discipline, when appropriate, to membership organization.
- The ABCD cannot impose discipline. Membership organizations determine whether to impose discipline according to their own procedures.

Requests for Guidance

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

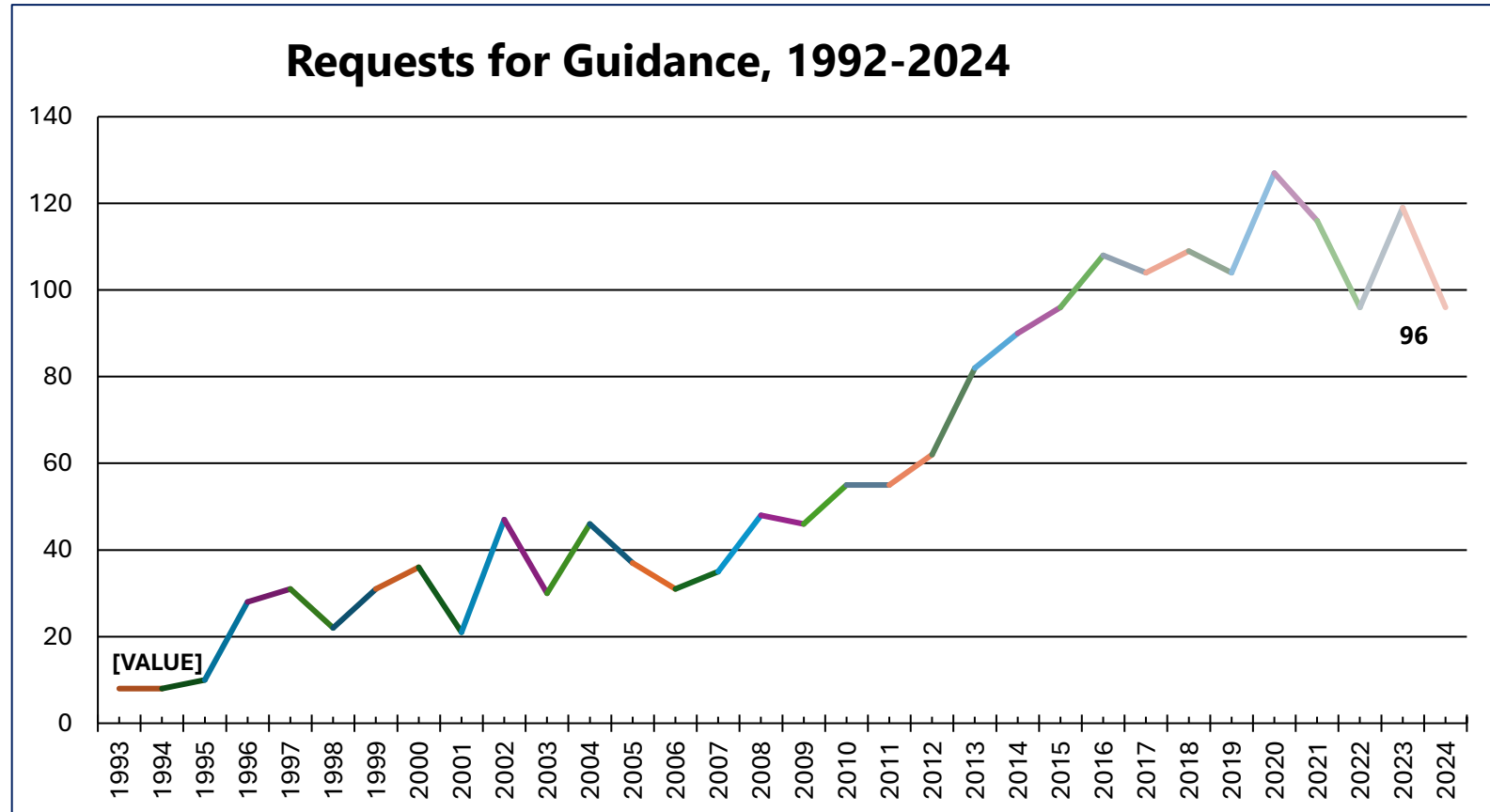
Requests for Guidance

Examples of common requests for guidance

- How do I know if I am qualified?
- How can I do a job that involves more than one area of expertise?
- 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

There has been a significant increase in RFGs (Request for Guidance) over the years.



ABCD Cases by Practice Area

		2020	2021	2022	2023	2024
New	Casualty	2	28	7	6	0
	Health	5	6	1	3	2
	Pension	11	12	4	3	2
	Life	15	3	1	2	2
	Total	33	49	13	14	6
Resolved	Casualty	1	28	8	6	1
	Health	1	7	1	5	4
	Pension	10	22	4	3	0
	Life	12	6	1	2	2
	Total	24	63	14	16	7

Academy Public Discipline Notices

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

- 13 expulsions
- 11 suspensions
- 15 public reprimands

Professionalism Structure in the US

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Dynamic elements of US professionalism

- Topical papers focusing on current professionalism topics
- Practice advancement
- Participation in relevant public policy issues
- Ethics—everyday issues facing practicing actuaries

Topical papers focusing on current professionalism topics

- Academy's Committee on Professional Responsibility
- Recent papers
 - Actuarial Professionalism Considerations for Generative AI (9/19/2024)
 - Actuarial Professionalism Considerations for Working in Developing Areas of Actuarial Practice (1/17/2023)
 - The Roles of the Actuary in the Selection & Application of Actuarial Models (12/21/2022)

Practice advancement

- Academy hosts several practice councils
 - Tracking current issues
 - Issuing Practice Notes and other papers
 - Commenting on ASOP exposure drafts
- CAS, SOA, CCA, ASEA – all have roles to play in practice advancement

Public policy

- Academy practice councils are actively engaged in public policy matters
 - NAIC related activities (life, health, casualty)
 - Federal government (retirement, health, employee benefits)
 - Financial reporting
 - Social Security and Medicare

Ethics – everyday issues facing practicing actuaries (top five concerns per survey)

Top five ethical concerns of 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

The role of the Academy

- Academy role, function, and structure
- Membership
- Volunteering

The Academy Today



- Founded in 1965—celebrating 60th anniversary
- Key goal: maintain and promote actuarial professionalism & self-regulation
- Represents qualified actuaries of all specialties
- The national association for U.S. actuaries & voice on public policy issues
- Membership today: over 20,000 individual actuaries

When Can You Join the Academy Right Now?

- After you meet the basic education requirements (e.g., ASA, ACAS).
- Willingness to abide by professional requirements (e.g., Code, Qualification Standards, ASOPs).
- Good moral character and professional integrity.

New Membership Requirements

Applicable to candidates applying for Academy membership on or after Jan. 1, 2026.

New Requirements to Become a Member of the Academy

1. Education/Basic Education

A. Compliance with the Competency Framework, which includes baseline knowledge of key actuarial competencies, knowledge of US laws and practices and US actuarial professionalism

- [Actuary.org/Competency-Framework](https://www.actuary.org/Competency-Framework)

B. Achievement of an actuarial credential from an actuarial organization, both of which are recognized by the Academy

- [Member Requirements](#)



New Requirements to Become a Member of the Academy

2. Experience

A. Three years of responsible actuarial experience, including at least one year of responsible U.S. actuarial experience, defined as work that requires knowledge and skill in solving actuarial problems.

- [Member Requirements](#)



Volunteering for the Academy—Why It Matters

- Volunteerism is not just about giving back—it's a strategic investment in your professional journey.
- Embrace the opportunity to unlock career advancement, enrich your skill set, and make a meaningful impact in your professional community.
- Learn more about the benefits of volunteering on the Academy website. Look under the Membership tab and Volunteer Center subtab.

Volunteering for the Academy—Why It Matters

- Shape Public Policy
 - Volunteering provides actuaries a unique opportunity to influence public policy and decision-making processes. By contributing expertise and analysis, they help shape legislation, provide input on regulations, and address complex challenges on issues facing our society.
- Professional Development
 - Academy volunteers gain practical experience by analyzing policy issues, preparing testimony for Congress, and collaborating with regulatory bodies. These opportunities enhance their technical skills, deepen industry knowledge, and broaden networks within the actuarial community.
- Promote Standards
 - By serving on a committee, volunteers contribute to maintaining competence, ethical conduct, and adherence to rigorous standards of practice. Their efforts and service ensure the continued trust and credibility of actuaries in serving the public interest.

Thoughts about the future

- How does our current professionalism paradigm incorporate emerging topics like AI?
- How do actuaries compete with others with similar skill sets but who are not part of any formal profession?
- Do we have the proper balance between basic education and continuing education?
- Is continuing education ripe for change?

Questions, Discussion