A LOOK AT ETHICS AND PROFESSIONALISM

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The Middle Atlantic Actuarial Club, June 2, 2022

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Actuarial Board for Counseling and Discipline

- 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 Asociatión 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



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ABCD: Requests for Guidance

- 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 alone, the ABCD addressed 116 RFGs.



Examples of Requests for Guidance

- □ How do I know if I am qualified?
- How can I become qualified?
- Below that involves more than one area of expertise?
- How much can I rely on my supervisor?
- □ How much can I rely on my staff?
- Below 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

	2015	2016	2017	2018	2019	2020	2021
Pension	27	26	28	24	19	28	25
Health	22	25	35	32	33	40	28
Life	19	23	13	15	18	31	25
Casualty	23	28	24	27	27	28	38
Other	5	6	4	11	7		
Total	96	108	104	109	104	127	116



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7

ABCD Cases by Practice Area

		2017	2018	2019	2020	2021
	Casualty	5	1	8	2	28
2	Health	5	5	1	5	6
New	Pension	10	3	4	11	3
Ζ	Life	2	4	4	15	12
	Total	22	13	17	33	49
σ	Casualty	0	1	12	1	29
P	Health	2	7	2	1	5
0	Pension	8	11	2	10	20
Resolved	Life	5	3	4	12	9
<u>c</u>	Total	15	22	20	24	63

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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
 - 14 public reprimands



Working Through Ethical Dilemmas



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Working Through Ethical Dilemmas

□ 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

- 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

- 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)

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.
- Amended USQS took effect Jan. 1, 2022, for statements of actuarial opinion issued starting in 2023.



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



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.
- 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

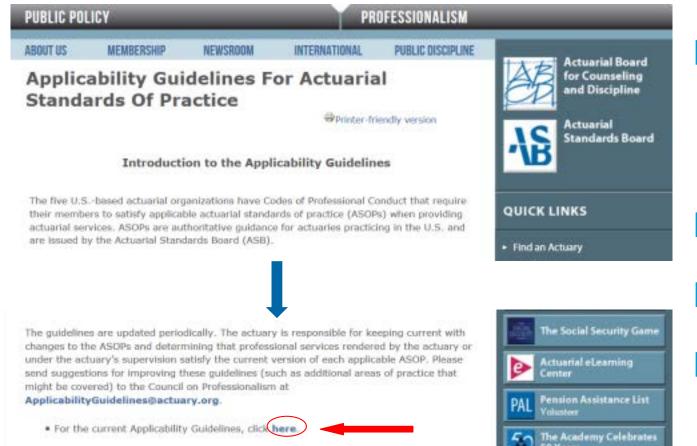
		Cross-Prace ASOP 1 Intro				
		ASOP 41 Actuari	al	Communicat	ion	
ASOP 12	Risk Classificat	Risk Classification		ASOP 23	Data Quality	/
ASOP 17	Expert Testimony by Actuaries			ASOP 25	Credibility P	rocedures
ASOP 21	Responding to or Assisting Auditors			ASOP 38	Catastrophe Modeling	
ASOP 32	Social Insurance			ASOP 56	Modeling	
Exposure Setting Assumptions						
Practice-Specific ASOPs						



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Applicability Guidelines



Suggest which ASOPs might apply to common tasks

- Listed by practice area
- Nonbinding
- Access downloadable file at bottom of page







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Professionalism Resources

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



Professionalism Resources

Academy Professionalism webpage

www.actuary.org/content/professionalism

- * Code of Professional Conduct
- * Standards of practice (ASB)

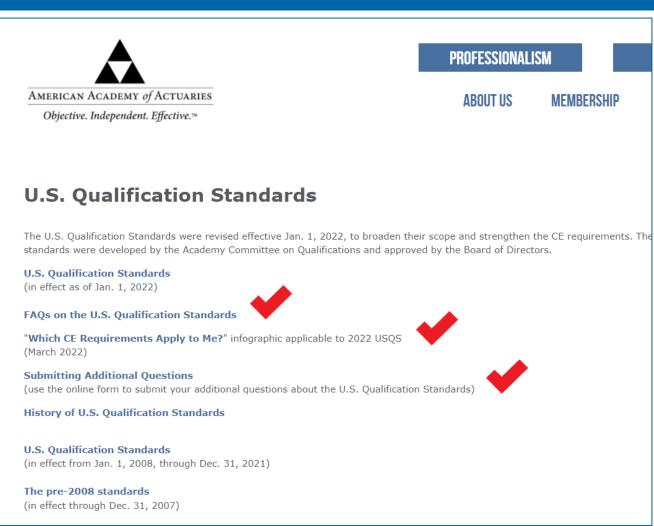
- * U.S. Qualification Standards
- * Applicability Guidelines
- * Discussion papers * Webinars * Recent Articles
- Academy's Professionalism First webpage

professionalism.actuary.org

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



U.S. Qualification Standards and Tools



 CE Infographic
51 FAQs
Submit Questions

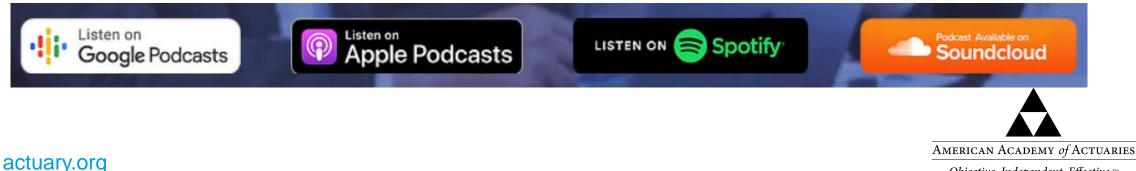


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Nov. 2-3 Washington Marriott at Metro Center Washington, D.C.

Opportunity for professionalism and other USQS CE.

