

A LOOK AT ETHICS AND PROFESSIONALISM

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AMERICAN ACADEMY *of* ACTUARIES

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Disclaimer

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.



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 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

- 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?
- 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

	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



ABCD Cases by Practice Area

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



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



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-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
Exposure	Setting Assumptions

Practice-Specific ASOPs

Casualty

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

ERM

ASOP 46, 47,
55

Health

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

Life

ASOP 2, 7, 10, 11,
15, 19, 22, 24, 33,
37, 40, 48, 52, 54,
ACG4

Pension

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



Applicability Guidelines

PUBLIC POLICY | **PROFESSIONALISM**

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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



Case Studies



Questions?

Learn more anytime at actuary.org.



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
- * 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

The screenshot shows the American Academy of Actuaries website. At the top left is the logo, a triangle with a smaller inverted triangle inside, above the text "AMERICAN ACADEMY of ACTUARIES" and the tagline "Objective. Independent. Effective.™". To the right is a navigation bar with "PROFESSIONALISM" in a blue box, and "ABOUT US" and "MEMBERSHIP" below it. The main content area is titled "U.S. Qualification Standards". Below the title is a paragraph: "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." Below this are several links, each with a red checkmark to its right: "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", "U.S. Qualification Standards (in effect from Jan. 1, 2008, through Dec. 31, 2021)", and "The pre-2008 standards (in effect through Dec. 31, 2007)".

- CE Infographic
- 51 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.



Save the Date



Nov. 2-3

Washington Marriott at Metro Center
Washington, D.C.

Opportunity for professionalism and other USQS CE.



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