

The Code, the ASOPs, and the ABCD

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and Education

Immediate Past Chairperson, Actuarial Board for Counseling
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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 ABCD, ASB, any boards or committees of the American Academy of Actuaries, or any other actuarial organization, nor do they express the opinions of my employer.

Agenda

- ❑ Overview of the ABCD
- ❑ Code of Professional Conduct
- ❑ Code of Conduct for Candidates
- ❑ ABCD Processes

The American Academy of Actuaries

Founded
1965

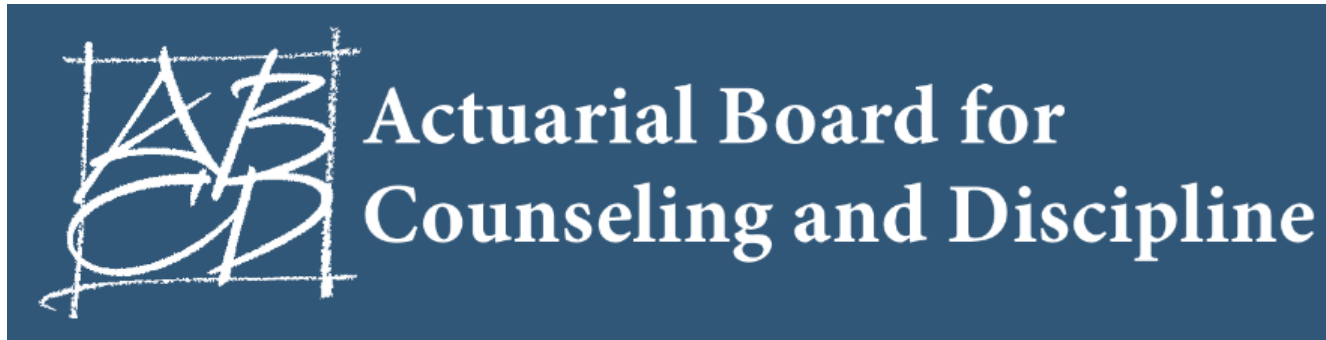
Key goal:
maintain and
promote
actuarial
professional-
ism & self-
regulation

Represents
qualified
actuaries of
all specialties

The national
association
for U.S.
actuaries &
voice on
public policy
issues

Membership
today:
>20,000
individual
actuaries

Overview of the ABCD



The ABCD

Actuarial Board for Counseling and Discipline

- ❑ Launched January 1, 1992
- ❑ Two primary functions:
 - ❑ Respond to requests for guidance (RFGs) on professionalism issues
 - ❑ Consider complaints about possible violations of the Code



ABCD Membership, 2024

Member

John Schubert, Chairperson

Albert Beer, Vice Chairperson

William Hines, Vice Chairperson

Shawna Ackerman

April Choi

Tammy Dixon

David T. Kausch

Richard Kutikoff

Cande Olsen

Staff

Edward Lee

Area of Practice

Health

Casualty

Life

Casualty

Health

Pension

Pension

Pension

Life

ABCD Counsel

U.S. Code of Professional Conduct

- ❑ The revised U.S. Code of Professional Conduct (“Code”) was adopted by the five U.S.-based actuarial organizations (Academy, ASPPA, CAS, CCA, SOA), and took effect January 1, 2001.
- ❑ The Code sets forth professional/ethical standards for actuarial members of the five U.S.-based actuarial organizations.

U.S. Code of Professional Conduct

- ❑ The Code contains 14 Precepts, along with annotations providing further guidance on adhering to the Precepts.
- ❑ The Precepts are standards that must be followed by credentialed actuaries who are members of one of the U.S.-based organizations or whose member organizations require their members to follow the U.S. Code.

U.S. Code of Professional Conduct

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.

U.S. Code of Professional Conduct

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.

U.S. Code of Professional Conduct

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.

U.S. Code of Professional Conduct

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.

U.S. Code of Professional Conduct

Precept 5: Communications

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

U.S. Code of Professional Conduct

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.

U.S. Code of Professional Conduct

Precept 7: Conflict of Interest

Do not perform actuarial services unless:

- your ability to act fairly is unimpaired;
- you have disclosed any conflicts to all; AND
- you secure agreement from all principals.

U.S. Code of Professional Conduct

Precept 8: Control of Work Product

Take reasonable steps to ensure your services are not used to mislead other parties.

U.S. Code of Professional Conduct

Precept 9: Confidentiality

Do not disclose confidential information to another unless authorized by principal OR required by law.

U.S. Code of Professional Conduct

Precept 10: Courtesy and Cooperation

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

U.S. Code of Professional Conduct

Precept 11: Advertising

Do not engage in advertising or business solicitation activities that are false or misleading.

U.S. Code of Professional Conduct

Precept 12: Titles and Designations

Use membership titles and designations only in conformity with authorized practices.

U.S. Code of Professional Conduct

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.

U.S. Code of Professional Conduct

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.

Codes of Conduct for Candidates

- ❑ Introduced in 2008
- ❑ Now two separate Codes for CAS and SOA
- ❑ Enforced by SOA and CAS, **not ABCD**
- ❑ Apply to “Actuarial Candidates” – persons who have registered for or completed actuarial exams but are not (yet) members

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

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



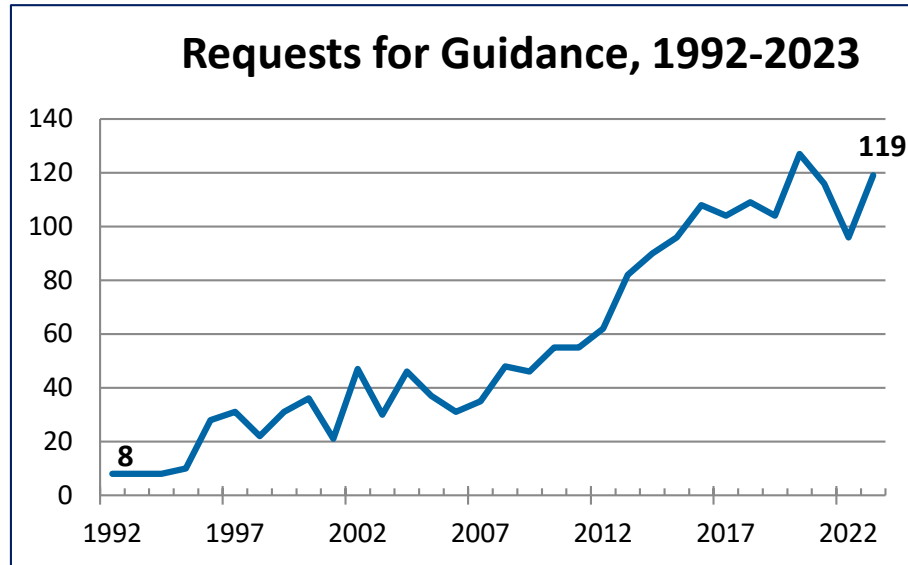
Requests for Guidance

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?
- 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 over the years.



Overview of the Inquiry Process

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, 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.

ABCD Inquiry

- ❑ Step 1: Initiation of Inquiry
 - ❑ Complaint received: reviewed by staff for completeness
 - ❑ Information based: chairs review public document and decide to proceed
 - ❑ Sent to subject actuary for response

ABCD Inquiry

- ❑ Step 2: Chairs' review
 - ❑ Chairs evaluate for possible material violation
 - ❑ Chairs decide whether to
 - ❑ Seek additional information
 - ❑ Dismiss complaint
 - ❑ Offer mediation
 - ❑ Commence investigation
 - ❑ Notify subject actuary, complainant, and ABCD

ABCD Inquiry

- ❑ Step 3: Investigation
 - ❑ Appoint investigator, subject to challenge
 - ❑ Investigator
 - ❑ obtains and reviews documents,
 - ❑ interviews individuals involved,
 - ❑ prepares report of results, i.e., the facts as investigator understands them
 - ❑ Report sent to subject actuary for response

ABCD Inquiry

- ❑ Step 4: ABCD consideration
 - ❑ ABCD decides whether to
 - ❑ Seek additional information
 - ❑ Dismiss (with/without guidance)
 - ❑ Counsel the actuary
 - ❑ Conduct a hearing
 - ❑ Subject actuary, complainant, investigator notified of decision

ABCD Inquiry

- ❑ Step 5: Hearing
 - ❑ Conduct fact-finding hearing attended by investigator and subject actuary
 - ❑ Hearing is recorded by a court reporter; investigator presents results
 - ❑ ABCD and actuary question investigator
 - ❑ Actuary presents case
 - ❑ ABCD questions actuary

ABCD Inquiry

- ❑ Step 6: Deliberations
 - ❑ ABCD discusses hearing and documents
 - ❑ Decides whether to
 - ❑ Dismiss
 - ❑ Counsel
 - ❑ Recommend discipline
 - ❑ Obtain more information, reopen hearing

ABCD Inquiry

- ❑ Step 7: Notification
 - ❑ Notify subject actuary, complainant and investigator of decision
 - ❑ If discipline is recommended, transmit to appropriate organization(s)
 - ❑ Statement of ABCD findings
 - ❑ All documents used by ABCD
 - ❑ Transcript of hearing

ABCD Inquiry

- ❑ Step 8: Member Organizations
 - ❑ May impose recommended discipline
 - ❑ May impose greater level of discipline
 - ❑ May impose lower level of discipline or none

Mediation

- ❑ If all parties agree
- ❑ Facilitate resolution of issue without inquiry

ABCD Cases by Practice Area

		2019	2020	2021	2022	2023
New	Casualty	8	2	28	7	6
	Health	1	5	6	1	3
	Pension	4	11	12	4	3
	Life	4	15	3	1	2
	Total	17	33	49	13	14
Resolved	Casualty	12	1	28	8	6
	Health	2	1	7	1	5
	Pension	2	10	22	4	3
	Life	4	12	6	1	2
	Total	20	24	63	14	16

Closing Thoughts

- ❑ Consult your key professionalism documents often.
 - ❑ Code of Professional Conduct (Code)
 - ❑ Actuarial Standards of Practice (ASOPs)
 - ❑ U.S. Qualification Standards (USQS)
- ❑ Use the RFG process if you are dealing with a professionalism problem – it is quick, easy, and helpful.
- ❑ Talk to colleagues – don't be a loner (but keep Precept 13 in mind).

Questions?

Upcoming Professionalism Webinar

American Academy of Actuaries Webinar

“Tales From the Dark Side”

Dec. 6, 2024

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