



## PROFESSIONALISM FOR U.S. ACTUARIES

### An Outline of Concepts and Structure:

*NOTE:* All documents referred to in this outline can be found on the Conference's website, [www.ccactuaries.org](http://www.ccactuaries.org). To access the reference materials listed in this document, click on **About Us** located on the upper left side of the toolbar on the home page, and then click on the **How to Join**, then on **Requirements** button. In the drop down choices, choose the **Enrolled Actuaries and Non Casualty Actuarial Society/Society of Actuaries credentialed Actuaries** selection. This will take you to links for all the reference materials listed in this document.

1. **Code of Professional Conduct** The code is the source of all of the professionalism concepts. It has been adopted by all of the U. S. -based actuarial organizations. **Please review the Code.** Note in particular the following:
  - a. **Precept 1**, regarding **Professional Integrity**, is the one provision of the code that covers not only actuarial work, but also all aspects of an actuary's behavior;
  - b. **Precept 2**, often called the '**Look in the Mirror**' precept also is the link to Qualification Standards (see (2) below);
  - c. **Precept 3**, regarding **Standards of Practice**, is the link to that subject (see (3) below);
  - d. **Precepts 4-6** are about **Communications and Disclosure** – a key to assuring, as best as possible, that the users of an actuary's work understand the work and the context in which it was performed;
  - e. **Precept 7** discusses **Conflict of Interest**, which is important not only professionally, but also in terms of potential legal liability;
  - f. **Precepts 8-12** cover various aspects of an actuary's behavior; and
  - g. **Precepts 13 and 14** are about **Violations of the Code** (see (4) below).
  
2. **Qualification Standards** The **Qualification Standards** are by virtue of Precept 2 of the **Code of Conduct** binding on members of all of the U.S.-based actuarial organizations. They describe the qualifications that you must have – in addition to the general guidance of Precept 2 of the code – in order to issue certain actuarial opinions. Please review the **Table of Contents** and pages 1- 9 of the document. The standards apply to any task involving the issuance of a **Prescribed Statement of Actuarial Opinion** (PSAO). Note the definition of that term, which appears on Page 1. Many opinions issued by actuaries (a Schedule B certification, for example) are PSAOs. To satisfy the qualification standards with respect to any PSAO, you must meet the requirements as to:
  - a. **Basic Education** (in general, see page 3)
  - b. **Continuing Education** (in general, see page 5)
  - c. **Experience** (in general, see page 4)

The document contains a lot of specific information to which you may wish to refer from time to time; the key concept at this point is to know that the standards **exist**, that they **apply to you**, and that they are organized around the three basic concepts set forth above.

3. **Actuarial Standards of Practice (ASOPs)** The Actuarial Standards of Practice contain guidance that binds actuaries in conducting many types of work that actuaries do.

Please review pages 1- 7 of the **Introduction to the Actuarial Standards of Practice**, which is an excellent guide to the concepts underlying the ASOPs. It also describes the **Actuarial Standards Board (ASB)**, which issues the ASOPs.

Some of the ASOPs are applicable to many types of actuarial work. For example, **ASOP 23 (Data Quality)** is almost universal in its applicability. Please review ASOP 23, noting in particular the actuary's obligations with respect to data supplied by others. Similarly, **ASOP 21 (Responding to or Assisting Auditors . . .)** has broad application, as does **ASOP 41 (Actuarial Communications)**. Please review each of these ASOPs. Note that when ASOPs are published, the ASB describes the comments received on exposure drafts and the actions that the ASB took with respect to the comments. These are NOT part of the Actuarial Standards of Practice; you are welcome to review them, but are not required to do so.

Most of the ASOPs relate to specific aspects of actuarial work. To get a sense of the ASOPs that are most likely to be applicable to the kinds of work you do, please go the **Applicability Guidelines** through the links indicated at the beginning of this document. Please briefly review the Applicability Guidelines for your area of practice, to get a sense of the ASOPs with which you will, over time, want to become especially familiar.

The Actuarial Standards Board issues new or revised ASOPs from time to time. Such new or revised ASOPs always are preceded by **Exposure Drafts**. We encourage you to review and comment on those in which you have an interest.

3. **Counseling and Discipline** You should be aware of the existence and purposes of the **Actuarial Board for Counseling and Discipline (ABCD)**. The ABCD's charter is set forth in Article X of the bylaws of the American Academy of Actuaries and is subject to amendment only by a vote of the Academy membership. By membership vote in 1998, the Academy amended Article 10, effective November 25, 1998. Pursuant to Article 10, the ABCD established rules of procedure. After exposing proposed revised rules to the profession, the ABCD adopted revised rules effective January 1, 1999. The rules were revised again in 2004, after the ABCD considered comments on the proposed changes. The newly revised rules took effect Jan. 1, 2005.

To improve your understanding of this topic, please click on **About US**, then on **Bylaws**, and then scroll to Article X. Please also review the newly revised rules of the ABCD to gain an understanding of the role and purpose of the ABCD.

All of the U. S. -based actuarial organizations have designated the ABCD to perform the functions that are listed in Article X. The ABCD investigates complaints (i.e., contentions that the actuary violated the Code of Conduct in some way) and either:

- a. **Dismisses** the charges, or
- b. **Counsels** the actuary who was complained about (in situations that are not deemed significant enough for formal disciplinary action), or
- c. **Recommends** that the actuarial organization(s) of which the actuary is a member, consider disciplinary action, in which case the ABCD provides its complete file to the organization(s).

The ABCD also responds to requests for guidance from members who have a question about how the code applies in a specific situation in which they find themselves. You may wish to review the ABCD's most recent **Annual Report** to get a better understanding of its activities, including the predominance of requests for guidance in matters that it typically considers.

You may wish to review the discipline and ABCD's procedures, which are designed to protect the rights of members.