




Actuarial Board for Counseling and Discipline



**Nebraska Actuaries Club
Codes of Conduct,
Standards of Practice, and
the ABCD**

**David L. Driscoll
October 9, 2018**



Introduction

- I was appointed to the ABCD in mid-2016
- Any opinions I express are mine and are not necessarily those of the ABCD
- I am a pension actuary, but I'll avoid specialty-specific material



Agenda

- Background on ABCD
- Code of Professional Conduct
- Code of Conduct for Candidates
- ABCD Processes



Actuarial Board for Counseling and Discipline

ABCD was established in 1991 by the U.S. actuarial organizations to

- **Investigate** alleged violations of the Code of Professional Conduct by members and recommend discipline
- **Counsel** (provide guidance to) members
- **Mediate** disputes between members and others.



ABCD Membership in 2018

Appointed by Selection Committee (Presidents and Presidents-elect of AAA, CAS and SOA)

Member	Area of Practice
Richard A. Block, Chairperson	Retirement
David F. Ogden, Vice Chairperson	Health
Debbie Rosenberg, Vice Chairperson	Casualty
Janet M. Carstens	Health
David L. Driscoll	Retirement
Godfrey Perrott	Life
Allan W. Ryan	Life
John T. Stokesbury	Retirement
John P. Tierney	Casualty



ABCD Processes

- Follow Article X of AAA 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



An ABCD Inquiry

- Is a fact-finding effort, not an adversarial forum
- Examines whether or not an actuary materially violated the Code of Professional Conduct
 - not whether the actuary is liable for damages



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 1 January 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:

1. your ability to act fairly is unimpaired;
2. you have disclosed any conflicts to all; AND
3. 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 Inquiry

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



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. 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
 - 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 decide to
 - Impose recommended discipline
 - Impose greater level of discipline
 - Impose lower level of discipline or none



Request for Guidance

- Private guidance by ABCD member
 - Expresses member's own opinion
- Private guidance by ABCD
 - Expresses views of board
- Public guidance by ABCD
 - At request or agreement of actuary(ies)
 - Provides guidance to profession
 - Expresses views of board



Request for Guidance

Example RFG Topics

- 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?



Mediation

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



Disposition of matters brought before the ABCD

Since its inception in 1992, the ABCD has completed its cases as follows:

Dispositions	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Dismissed	12	24	9	11	8	11	13	10	5	20	16	7	5
Dismissed With Guidance	6	10	3	-	5	1	5	2	8	5	4	2	2
Counseled	-	2	8	1	6	2	5	-	2	3	2	4	1
Mediated	3	1	1	-	-	-	-	1	-	4	-	1	-
Recommended Private Reprimand	-	-	-	-	-	-	-	-	1	1	-	-	-
Recommended Public Discipline	-	1	2	-	3	-	1	-	3	-	-	1	-
Request for Guidance	8	8	8	10	28	31	22	31	36	21	47	30	46
Total	29	46	31	22	50	45	46	44	55	54	69	45	54

Dispositions	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	TOTAL
Dismissed	5	1	5	11	29	16	9	48	10	19	11	9	9	333
Dismissed With Guidance	4	1	-	1	5	1	2	1	2	10	-	1	2	83
Counseled	4	3	1	2	-	-	-	2	8	4	3	2	1	66
Mediated	-	-	1	1	-	-	-	-	-	-	-	-	-	12
Recommended Private Reprimand	-	-	-	1	-	2	-	1	-	-	-	-	-	6
Recommended Public Discipline	2	1	1	3	2	3	2	4	2	4	1	2	3	41
Request for Guidance	37	31	35	48	46	55	55	62	82	90	96	108	104	1,175
Total	52	37	43	66	82	77	68	118	104	127	111	122	119	1,716



Contacting the ABCD

- **Letter:** 1850 M St., N.W., Suite 300, Washington, D.C. 20036
- **Telephone:** (202) 223-8196; (202) 872-1948 (fax)
- **Website:** www.abcdboard.org
- Contacting any individual ABCD member or ABCD staff (contact information on website)