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## PROFESSIONAL CONDUCT

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RICHARD M. STENSON*

1. Discussion of roles and ethics in the actuarial profession
2. Discussion of "Guides to Professional Conduct"
3. Comparison of professional standards to those of accountants, lawyers, and other professionals
4. Procedure for setting guidelines
5. Disciplinary procedures

MR. JOHN M. BRAGG: There is a brief questionnaire on your chairs and we would appreciate your completing it immediately because we will be collecting it shortly. We are interested in your immediate and spontaneous reaction. This is even worse than the actuarial exams because you're being asked to take the test before we even present the syllabus material relating to the question.

We have organized the panel presentation into seven parts. You will hear from each of the three panelists twice and then I will put on a panelist hat for the final presentation.

The first panelist will be Warren R. Luckner, Chairman of the Department of Actuarial Science at the University of Nebraska at Lincoln. Warren will deal with the question of professionalism.

MR. WARREN R. LUCKNER: The reason that we wanted you to complete the questionnaire immediately is because I'll be getting into a definition of professionalism that might bias your response, so, if you have that completed, we would appreciate it if you would pass the responses forward. A compilation of the results of this brief survey appears in Table 5 at the end of this record.

In this portion of my presentation I will be discussing an expanded definition of a professional and some results from a 1978 survey on actuarial roles and ethics. Webster's dictionary defines professional as follows: "One that engages in a pursuit or activity professionally." But how does one engage in a pursuit or activity professionally? Perhaps the definition of the adjective professional will provide some insight. Professional definition 1C states "Characterized by or conforming to the technical or ethical standards of a profession." Going one step further and looking at the definition of a profession we have definition 4A "A calling requiring specialized knowledge and often long and intensive academic preparation." Here, we have reference to perhaps the three main criteria of a professional: a specialized knowledge, education, and a set of ethical standards. But are there other criteria? I would like to evaluate actuaries as a professional group using the following

set of seven criteria. One of our former students, Mike Chambers, referred to this set of criteria in a paper he completed as part of the course requirements for the Actuarial Roles and Ethics class at the University of Nebraska-Lincoln. These criteria are due in part to W. E. Wickendem, who is a former president of the British Institution of Electrical Engineers.

The first criterion is a body of knowledge "held as a common possession and to be extended by united effort." That is, the group must have expertise in some area which no other group has expertise in. Most of us would agree that knowledge of what is traditionally considered actuarial science satisfies this criterion for actuaries. Of course, related to any body of knowledge is the question of how it is obtained. Thus, the second criterion set forth is an educational process based on this body of knowledge. I think it is fairly obvious that the Society of Actuaries and Casualty Actuarial Society exams satisfy this criterion. But beyond that, a continuing education process is necessary. The Society of Actuaries is working to upgrade this process.

The third criterion is a standard of professional qualification for admission to a group "based on character, training and proven competence." Some would say that admission into the Society of Actuaries and Casualty Actuarial Society lacks somewhat in this area because of the lack of an experience requirement. However, it is generally true that almost all members have some experience, particularly those in the Casualty Society which requires seven examinations for associateship. Admission to the Canadian Institute of Actuaries similarly satisfies this criterion. Admission to the American Academy of Actuaries, though recently liberalized, still satisfies this criterion of having a professional standard of qualification. Thus, it might be said that members of the four organizations (the Society, the Casualty Society, the Canadian Institute and the American Academy) all satisfy this aspect of professionalism. This, perhaps, suggests a different problem; the need for reorganization, but that's another issue.

The fourth criterion is a standard of conduct "based on courtesy, honour and ethics, which guides the practitioner in his relations with clients, colleagues and the public." The guides and opinions as to professional conduct of the four organizations satisfy this criterion. The question of how they are created and how much they are read and used will be discussed in a later portion of this session.

Organization of the professional group "devoted to its common advancement and to social duty rather than the maintenance of an economic monopoly" was identified as another criterion. The constitution and by-laws of the four organizations reflect satisfaction of this criterion.

Another criterion is tradition of service. Quoting from Mike Chamber's paper, "In its barest form, this simply refers to the tradition whereby the professional supplies service to his client, so long as it is not inconsistent with the public interest, above all goals, including the making of money." Now the idealists among us would like to think that this is true for members of the four organizations. One example to illustrate this point: if a client can be better served by involving another actuary, this should be done despite the risk of potentially losing the client to the other actuary. This is specifically pointed out in the introduction section of the Society's opinion S1.

The final criterion in this set is recognition of status "by one's colleagues or by the state as a basis of good standing." The former generally poses no problem. Members of the four organizations generally recognize other members as professionals. However, the latter, recognition by the state, is another story. The American Academy is making strides in this area but not without much struggle and some setback. I am not as familiar with the situation in Canada but have the impression that Government recognition of status is not as big a problem in Canada as it is in the United States. Perhaps one of our Canadian members could enlighten us on this issue. Two other areas of recognition should be added to this last criterion: recognition by other professionals and recognition by the general public. Other professionals, for example accountants, consider actuaries to be professionals, but the general public is still greatly unaware of what an actuary is or does, and thus has a hard time determining whether or not an actuary is a professional. But again, some efforts are being made in this area by the various organizations.

In summary, just looking at these criteria in accumulative fashion, actuaries, who are members of the Society, Casualty Society, the Canadian Institute, or the American Academy fare pretty well, with the most significant problem being in recognition of professional status by others outside the profession.

But do actuaries consider themselves professionals? This brief survey today was the third time that I've taken the opportunity to ask a group of practicing actuaries to respond to that question. The first time was as part of a 1978 Rules & Ethic Survey designed and conducted by the Actuarial Science Rules & Ethics Class at the University of Nebraska. The second time was at a Nebraska Actuaries' Club Meeting of last November. I'd like to share with you a brief analysis of the responses to this question from the 1978 survey, but first some background on that survey.

The questionnaire form was sent out to "Friends of the Nebraska Actuarial Science Program." That group includes all alumni, representatives of recruiting organizations, representatives of contributing organizations, and other individuals who expressed interest in the Nebraska program. It is important to note that all the respondents are practicing actuaries; 38 at the student level, 35 at the associate level (ASA's) and 61 at the fellowship level (FSA's). Total respondents represented about a 50% return on the survey form. Forty four of the respondents are members of the American Academy, 18 of the respondents are enrolled actuaries. It is also important to note that the respondents represent 25 different states, but there is no Canadian representation. The purpose of the survey was two-fold. First, it was intended to provide the students in the class with an opportunity to analyze information about actuarial roles and ethics from a sample of the actuarial profession. Secondly, it was intended to update a book entitled "Actuarial Education in Nebraska, 1957 to 1972." A limited number of the copies of a detailed three-part summary and analysis of the responses to the 1978 survey are available. Tables 1 through 4 give numerical summaries of responses for those selected questions which we will be discussing in this concurrent session. Now to the 1978 survey responses to the question "Do you consider yourself a professional? Why or Why Not?"

Obviously, categorizing open-ended responses is somewhat subjective since it is difficult to interpret intent, thus there may be some errors in

categorizing the reasons why and reasons why not. The following observations highlight the responses:

1. The percentage of practicing actuarial students who consider themselves professionals is surprisingly high (almost 70%). The "reasons why" section indicates that perhaps students define a professional in terms of only two criteria: educational process and body of knowledge. With this somewhat limited definition it is rather easy to see why students might consider themselves professionals.
2. None of the other group responses taken as a whole are too surprising, although 89% of the ASA's consider themselves professional. This might be considered high particularly in light of the reasons why. The reasons why indicate that the ASA's have a definition of professional similar to that of students.

In reviewing the reasons why, perhaps the most striking result is the dramatic difference in the importance placed on standards of professional conduct or ethics between the FSA's as a group and students or ASA's as a group. Eighteen FSA's or 30% of the total FSA's responding who considered themselves professionals identified that item as a reason why. Only one student and one ASA identified that item as a reason why. Though there might be some slight distortion due to the subjective categorization of responses, the difference is too dramatic to be totally explained by errors in categorization or by statistical fluctuation. Perhaps this dramatic difference can be explained to a certain extent by the difference in levels of responsibility, and the recognition, which comes after a substantial amount of practical experience, that a lot of situations confronting the actuary do not lend themselves to a clear right or wrong theoretical solution. Thus, the FSA's with their correspondingly greater amount of practical experience may have a greater awareness of the need for standards of professional conduct.

The following is a small but representative sample of the responses:

"Yes - but as a corporate executive rather than an actuary. I think actuaries are a 'mixed-breed', some are professional like 'CPAS', some are not, like ordinary accountants."

"Yes. It is difficult to explain. To me, being a professional is something you are - with or without formal 'guides to professional conduct.' I feel an obligation to conduct my business and actuarial activities on a plane above the self-serving standards others might choose. It is this higher standard that characterizes a professional."

"Yes and no. Yes, because I am an A.S.A. and so do feel that I am a member of a professional society. No because my daily job activities are more clerical and routine than those of a 'true' professional should be."

"No. I consider the work of an actuary to be a profession. However, at this point in my career I do not feel that I have either the experience or knowledge to consider myself an actuary and therefore do not consider myself a professional."

"No. I still have a lot to learn."

One last response which was submitted for a bit of humor - I think (hope)!

"Yes. I wear a suit to work."

In closing this portion of our presentation, I would like to relate the substance of a comment Mr. E. Paul Barnhart, the Immediate Past President of the Society, made at last year's annual meeting. He emphasized that the FSA designation represents not only successful completion of a rigorous examination process, but also is a respected professional designation and a badge of professional confidence. I would like to think that we could all say amen to that, but would also caution those of us who are FSA's not to rest on that accomplishment, but to seek to continue to grow and develop as actuaries.

MR. BRAGG: Thank you Warren. The rest of us on this panel were extremely pleased and extremely lucky to discover that Warren had already made these beautiful surveys on the very topic that we were to discuss. The next panelist is Milton F. Chauner, Consulting Actuary, Milliman & Robertson, Wayne, Pennsylvania. Milt will discuss the guides and opinions. What are they about? Milt.

MR. MILTON F. CHAUNER: Thank you Jack. I wish I knew myself! To many of us the Guides and Opinions to Professional Conduct are eight pages or so of well-worded small print in the Society of Actuaries Year Book. We know that they are good things to have and they are available for our ready reference, but just what are they?

The Guides to Professional Conduct are a code of ethics setting forth precepts and principles on such matters as the actuary's responsibilities, his professional duties, the general content of reports and recommendations, advertising, disclosure to clients of remuneration, and the use of titles where his duties require written remarks. A virtually identical statement of the guides was adopted by each of the actuarial bodies more than 10 years ago and appears in the yearbooks of the Society, the Academy, the Canadian Institute of Actuaries, the Casualty Actuarial Society and the Conference of Actuaries in Public Practice.

The Opinions as to Professional Conduct amplify the uniformly worded guides so that each of the five actuarial organizations has a set of its own wording of opinions. From the start a consistent numbering system has been used so that the subject matter of the opinions is readily identifiable, but the opinions as finally printed are in quite different form. This is understandable when you consider that the Society of Actuaries is an international (primarily educational) organization, the Academy of Actuaries is an umbrella legal organization for the United States, the Casualty Actuarial Society deals in only property and casualty matters, and the Canadian Institute of Actuaries encompasses all disciplines but just applies to the practice of Canadian Actuaries as officially recognized by the Canadian Government.

The uniformly numbered headings of Opinions as to Professional Conduct are set forth in six numbers.

1. Relations with other actuaries.
2. Use of titles and designations.
3. Transmittal of actuarial reports.
4. Actuarial principles and practices in connection with pension plans.
5. Qualifications to give advice in a special situation.
6. Actuarial principles and practices in connection with financial reporting of life insurance companies in the United States.

In the case of the Canadian Institute of Actuaries (CIA), opinion 6 is a little more broadly worded and is entitled, "Actuarial Principles and Practices for the Valuation Actuary." Also, the CIA has no opinion 5, woven into the other opinions, principally opinions 4 and 6.

Besides opinion statements not being uniform in language, some of the actuarial organizations do not have opinions on each topic. For example, the Casualty Actuarial Society has no need for an opinion pertaining to pension plans. Also, among the committees working on professional conduct, an understandable difference in outlook and detailed language results. In fact, view points are often difficult to reconcile.

In addition to the guides and opinions there are recommendations and interpretations, which were promulgated by the Academy as guidelines for the practicing actuary. They apply in two specific areas, life insurance and pensions. The life insurance portion is published by the Committee on Life Insurance Financial Reporting Principles and the Committee on Fire and Casualty Financial Reporting Principles. The pensions are published by the Committee on Pension Actuarial Principles and Practices. The recommendations are limited to basic statements. Interpretations follow these recommendations; they do not have the force of the recommendations but they are examples for the guidance of actuaries.

We should remember in considering what the guides, opinions, recommendations and interpretations are that, as a profession, we really have four audiences on which actuarial activities impinge: first, actuaries, next, our immediate non-actuarial associates, then the insurance industry and lastly, the non-insurance public at large. Standards of conduct, thus, must necessarily be rather complex, but they must be understandable and we must devote enough attention to them that they work.

It is important that we uphold high ethical standards. It is important that our performance be considered highly professional by those who are unacquainted with actuarial work and its complications. An important question then is: How should each of us be guided by these professional standards?

MR. BRAGG: Thank you, Milt. Well, when we get this far, the next logical question is how do our guides and opinions, etc. compare with those of other professions? I have always found this to be a very difficult subject but our next panelist, Richard M. Stenson, Vice President & Actuary, Equitable Life Assurance Co., has done a great job of research. Dick is now going to compare our guides and opinions with those of other professions.

MR. RICHARD M. STENSON: In preparation for this session, I decided to review the written ethical standards of some of the major professions. I felt I should start with the most well established ones. According to a beginning text on anthropology I once read, the world's oldest profession is not that of the "ladies of the evening," rather it's that of the shaman or witch doctor - the professional antecedent of the men and women practicing medicine or the clergy.

It's not easy to decide how many different professions there are. Everyone who works for a living will sometimes define his or her own work as a profession. The medicine, the clergy and of course the law are three, "true" professions that would show up on anyone's list.

The Society of Actuaries has little, if anything, to do with the problems of the soul, so I eliminated the clergy from any further analysis. I added the relatively new profession of Certified Public Accountant (CPA) as one somewhat similar to our own. Accordingly I read through the professional standards and codes of ethics of doctors, lawyers, and CPA's. These standards differ, of course, according to the type of work these professionals do, in particular, according to an idealized concept of the type of work. Doctors deal with people's lives and health, lawyers with their liberty and property (and occasionally with their lives) and CPA's with the financial stability of their businesses and with the economic health of the system as a whole. The standards for all three professions address the relationship of the professional with his client or employer, with the general public and with other members of the profession. I would like to pause briefly to mention that most of my work has been on the standards as they apply in the United States, but my informants who are in these professions tell me that standards are fairly similar in Canada. Also, any expert knowledge I have as a professional is entirely in the actuarial area, so I speak completely without portfolio about these other professionals.

The American Bar Association Code of Professional Conduct was adopted in 1970. It's predecessor was a series of canons dating back to 1908 based in turn on a set of 19th century Alabama Bar Association codes. The new canons are based on the picture of a lawyer as an individual practitioner, independently representing a client in an adversary proceeding in return for a fee. The canons emphasize the duty of the lawyer to exercise independent judgment, represent his client competently and zealously and to preserve his confidence. There are also canons urging the lawyer to maintain integrity and high standards, to assist the profession in its duty to make legal counsel available to the public, to assist in preventing the unauthorized practice of law and other high sounding calls of service to the general public. The canons suggest not competing for the client of other lawyers, and restrict advertising. A lawyer must hold himself out as a generalist - only the traditional specialties of admiralty, trademark and patent law may be included in a letterhead. The lawyer should practice only where he is qualified, or expects to become qualified through study and investigation. There may be some changes evolving in this general area though, in that there is discussion of licensing specialties in the law. This may already be underway in California.

Lawyers' canons also frown on the practice of law when paid by a third party. This has given rise to some controversy in the courts with respect

to situations such as salaried union lawyers representing individual members. This also seems to be an area of evolving change.

CPA professional standards strongly emphasize independence, integrity and objectivity. They point to a public responsibility; to the need for investors and government to have reliable financial information on public corporations. They are particularly aimed at the expression of opinion on financial statements, where the CPA must be especially careful about independence. He can give such an opinion to a client only as an independent consultant. He can have no financial interest in the firm and can be paid only through a fee. An opinion on a financial statement of a company cannot be given by a CPA employee of the company. He can, of course, give management and tax advice.

CPA standards also emphasize competence of the practitioner, who in effect is counseled to study hard. Confidentiality of client information is stressed but CPA's do not have the legal protection that lawyers have in the lawyer's attorney-client privilege and CPA's are not permitted to hold back information with respect to financial statements. The accountant's standards even mention the need to resign an account in an extreme case.

CPA's should testify in proper proceedings even if their testimony damages another member, but they should not reflect negatively on fellow practitioners or displace another account in a client relationship. They should seek assistance if outside their area of expertise.

The medical profession writes its professional ethics in the United States through the American Medical Association (AMA), although all doctors do not belong to the AMA and incidentally, all lawyers do not belong to the American Bar Association, although the Bar canons are effectively enforced on everybody. The AMA adopted ten Principles of Medical Ethics in 1957 which simplified and modernized a code of ethics dating to 1847 based on Percival's Code from England from the turn of the 19th Century. The Hippocratic Oath presumably dates back to the 5th century B.C.

AMA principles refer to servicing humanity and society, improving knowledge and skills and using healing methods with a scientific basis. Doctors may choose their patients, but should serve in emergencies. They should seek consultation when requested or in doubtful or difficult cases. The public should be protected against incompetent or immoral practitioners and physicians should expose any illegal or unethical conduct by fellow members of their profession.

Doctors should not solicit patients and advertising is restricted. They should hold patient information confidential, although this rule is to protect the patient who may authorize release of the information.

Physicians should be paid only for their own work. They should not split fees, combine bills, give or receive referral commissions or receive mark ups or profit on services rendered by others. Fees should reflect the ability of the patient to pay. Lay corporations and hospitals should not be able to sell the physician's service for a fee and/or profit. Physicians should generally bill directly for their work in hospitals. A contract practice with a group should not involve underbidding, compensation below community standards or too low to permit competent service, denial of free choice of physicians in the community, or solicitation of patients.



Now there's a bit of a birds-eye picture of what I saw of these other three professions. In the Society of Actuaries Guide to Professional Conduct we see the same kind of attention to the relationship "with those to whom we render service, with the employer and with other members of the profession in the world at large."

For our profession the separate recognition of "employer" and "those to whom he renders service" may be significant. The other professions are characterized by service for fee to a number of different clients. A growing number of actuaries in the consultant ranks practice in this fashion, but many are employees of insurance companies. Our guidelines must recognize this fact and do so by calling for clarification of our relationship to our client or employer. The Opinions as to Professional Conduct in particular give guidance as to when an actuary's client is insurance company management and when it is a policyholder. We actuaries, though, can prepare a report for a policyholder even though we are employed by an insurance company. Lawyers are discouraged from this kind of practice when paid by a third party. We actuaries can give an opinion on the adequacy of the life and health reserves to the company which employs us. A CPA cannot express an opinion on a financial statement for his employer. In cases such as these the actuary must disclose his employment and take care to act independently. We are not required, if we practice publicly, to do so only in association with other actuaries, as is generally the pattern for the other professional groups. Thus, there is need in our guidelines for comments on situations where we do practice with others. The guides call for care to be taken that the actuary preparing a report is identified and is available for supplemental advice and explanation. We are cautioned not to provide advice unless qualified to do so and here we join the other professions. Our opinion strongly emphasizes experience in being so qualified.

We do not bow to others in our call to public duty and to uphold the dignity of the profession. Trust, confidence and confidentiality in dealing with clients and employers is also covered. We, too, prohibit the use of advertising which is misleading. Our guidelines are much less restrictive than those of lawyers and doctors. We do state aggressive solicitation and "raiding" of clients to be unprofessional; our guides recognize, though, the factor of competition.

I would like to close by mentioning one matter unique to our profession to which we draw attention in our guidelines and that is the importance of underlying actuarial assumptions. Description and identification of data, actuarial methods and assumptions used in determining actuarial costs, reserves or liabilities, is required. We also recognize that there is substantial room for honest differences of opinion on many matters and that recognition also may be somewhat unique to our profession.

In short, our Guides to Professional Conduct have many similarities to those of other professions but recognize, as do the others, the unique qualities of our own profession.

MR. BRAGG: Thank you Dick. We are going to turn back to our own profession now and get into some really nitty gritty questions such as: Have actuaries read the guides and opinions? What is the opinion of actuaries

about the guides and opinions?, and Do actuaries encounter situations which seem to raise the possibility of doing something contrary to their personal ethics or contrary to the guides and opinions? I'm going to call on Warren to speak to this now because he dealt with all of these subjects in his survey.

MR. LUCKNER: In this portion of the session I will be discussing the responses to the questions Jack mentioned. They are from what we call the "Ethics Section" of the 1978 survey. Now keep in mind that the respondents are practicing actuaries, some at the student level, some at the associateship level and some at the fellowship level.

The first question asked was concerning the extent to which the guides and opinions of the Society, Casualty Society and American Academy are read. The response choice were completely, in-part, or not-at-all. Response data for the Casualty Actuarial Society was not useable since very few respondents are members of the Casualty Actuarial Society and thus the responses were highly weighted toward "not-at-all".

The following observations about the responses may be of interest.

1. For the guides of the American Academy the trend by designation is as expected: relatively few students have read the guides at all, a good portion of the ASA's have read the guides at least in part, and almost 80% of the FSA's have read at least part of those guides. The percentages were even higher for members of the American Academy and Enrolled Actuaries (EA's), over 90% of each of these groups had read the guides at least in part while over 40% have completely read the guides. This trend is expected for a variety of reasons not the least of which is the fact that as work experience and responsibilities increase, one will generally encounter more situations that may require the type of assistance the guides provide. Overall, the results are encouraging.
2. The results for the Society of Actuaries' guides are even more encouraging, reflecting a similar trend, but at somewhat higher percentages.
3. Similar trends appear for the opinions, both when comparing by designation and when comparing by professional organization. However, the percentages are generally at a somewhat lower level. This may reflect the fact that the opinions are somewhat more detailed and involve a greater amount of reading and study.

The second question in the ethics section was: What is your opinion of the guides and opinions to professional conduct? Table 3 summarizes the responses to this question. Many responses expressed both favorable and unfavorable comments. Those opinions which were both positive and negative were counted as "favorable or needed" and only those comments which were totally unfavorable were counted as "unfavorable or not needed".

The following observations summarize the highlights of these responses.

1. Eighty-four percent of the students had no opinion. This is consistent with the fact that over 70% of the students had not read either the guides or opinions.
2. The fact that 6 FSA's (10% of the total number of FSA respondents) found the guides and opinions totally unfavorable is significant. It may reflect that the guides and opinions have failed to be of assistance in some situations for FSA's, who are those most likely to be involved in situations requiring use of the guides and opinions. Of course, as indicated in at least one response, some FSA's may view the guides and opinions as unnecessary rather than inadequate.

Some of the more interesting individual responses were:

"As the SOA grows and matures, so will the guides and opinions; they will become more specific and detailed."

"Although they are a good set of guides, the actuary must maintain his own high personal ethics."

"The guides and opinions are easy to get 'bogged down' in."

"Government regulation can make the guides and opinions outdated and less meaningful."

"Never heard of" (a student)

One unfavorable comment was: "If all of this is necessary we really aren't professional." Perhaps that is true, at least in part, especially as actuaries relate to other actuaries. However, it is important to those outside the actuarial profession that there is a document that sets a minimum standard for professional conduct for actuaries. Of course, it is very important to keep in mind that, as another respondent noted, "any set of guides and opinions is only as good as the person interpreting them."

The last two questions in the ethics section were: Have you ever encountered a situation in your actuarial career which seemed to raise the possibility of doing something contrary to your personal ethics? If so, please describe the situation and what you did about it. Have you ever encountered a situation in your actuarial career which seemed to raise the possibility of doing something contrary to the Guides to Professional Conduct? If so, please describe the situation and what you did about it.

Table 4 yields some interesting observation on the extent to which such situations are encountered and the relationship between personal ethics and the guides and opinions. Responses were categorized as either "general" or "specific", but not both. All but two responses which identified situations with respect to the guides also identified situations with respect to personal ethics. The total number of different individuals identifying situations, either general or specific, was 37 or 28% of all respondents. This is surprisingly high figure. The following

observations may also be of interest:

1. The higher the designation, the greater the percentage identifying situations or problems. This trend by professional designation is understandable. Higher professional designation generally means more experience and responsibility and more exposure to situations requiring some ethical decisions.
2. The percentage of EA's identifying specific situations was significantly higher than for any other designation. This may reflect the nature of their work and the fact that they have more contact with people outside the actuarial profession. These people outside the actuarial profession may have little understanding of actuarial work and may unknowingly ask that something be done contrary to standards of professional conduct or personal ethics. Also, the EA's may, because of the responsibilities placed upon them, be more cognizant of inappropriate request.
3. A comparison of the results for personal ethics with those for the guides indicate a significantly lower percentage in all categories when identifying specific situations. This seems to indicate that the guides may be more liberal than the individual actuary's personal ethics. Perhaps this just reflects the minimum standard nature of the guides and the intent that the guides be guidelines not rigid rules of right and wrong.

To protect the anonymity of respondents I will not identify specific comments about specific situations or about specific actions taken. However, the following general observations may be enlightening and do not sacrifice anonymity:

1. As might be expected there is a wide range of types of situations: manipulation of data and assumptions, approving cost estimates without review, conflict about equity in rates and dividends, underwriting problems, approving deficient reserves, and doing things not really qualified to do.
2. The actions taken also reflected a wide range of possibilities: doing nothing, speaking out (with or without success), refusing to do the work, and resigning.

Perhaps the most important point that can be made from these responses is that actuarial science is not black and white. Though it is very technical, there is still much room for competent actuaries to disagree on the proper approach to solving a given problem. As long as there are situations where there can be a legitimate disagreement over what is "actuarially" correct, there are going to be situations where the questions of personal ethics and professional conduct are going to have a significant impact and must be considered very carefully.

MR. BRAGG: Thank you Warren. Again, I will say that we were extremely fortunate to have access to Warren's survey and I might say that everyone on the panel was in agreement that the 28% figure was surprisingly high. I'd like now to get into the question of the procedure for setting the

guides' opinions and recommendations and interpretations in the various bodies. Should it be different? Is the material too long, too short, etc.? To deal with these questions I have asked Milt to come up again.

MR. CHAUNER: The Guides to Professional Conduct are the general statements of principles and have remained in their present format since they were originally adopted in 1969, with only one revision of substance in 1973. They had been endorsed by all five actuarial bodies. It is through the Opinions as to Professional Conduct that particular problems are anticipated and dealt with.

Problems pertaining to professional conduct may come from almost anywhere; that is, from a complaint, from an idea within the Society or Academy, or from an attempt to relate the guides to the Constitution or By-Laws. Thus, there are opinions which actually address quite a variety of situations. For the past ten years or so, each organization has had its own committee on professional conduct. There has been a Joint Committee made up of the chairman of each organizations' committee, plus a few other individuals, in order to expedite the development of opinions. About three years ago the Joint Committee on Committees reviewed this system in an attempt to streamline it. As a result a single Committee on Guides to Professional Conduct has been created. It is an Academy committee and deals with these matters for the United States. The Canadian Institute of Actuaries has its own corresponding committee but the two committees keep each other fairly well advised on their activities. At first this new Academy committee included all members of the professional conduct committees of each of the U.S. organization, but recently a smaller group which consists of one board member from each of the organizations has become the actual "joint committee". Hopefully, this will reduce the amount of preliminary drafting and subsequent negotiating over both concepts and phraseology.

There are many recommendations and interpretations prepared by Academy committees and sub-committees on financial reporting principles as well as pension actuarial principles and practices. As I described earlier, these are guidelines for the practicing actuary in the United States. Any actuary who deviates materially from such statements must be prepared to support his action.

After the development of a proposed new or revised opinion by the Committee on Guides to Professional Conduct, the draft is referred to each organization for its Board to approve exposure to its membership for comment and/or approval. However, there must be prior agreement for such exposure. It is anticipated that individual organizations will unanimously agree with the circulation of the draft. Then, based upon responses, the draft may be further changed or edited and then sent back to the respective organizations for final approval by each Board.

At the present time there may not be opinions on some matters that should have opinions. Some of the opinions as presently written may be hard to interpret and difficult to apply, thus meriting revision. However, the ones we have certainly are not on inappropriate subjects. It will be of interest to hear what you think of the opinions, the recommendations, and the interpretations and what might be the subjects of additional ones.

MR. BRAGG: I have often heard comments to the effect that it is wrong to come out with a recommendation or an interpretation on some subject which might be controversial in nature. Dick Stenson will deal with this question.

MR. STENSON: In a sense two questions are posed here, one focusing on specificity - should the guides and opinions enforce a "particular practice", - and the other focusing on the general notion of controversiality.

I might comment briefly on some of the things that I read about other professions where professional ethics have generated some degree of public controversy. In general this has been in areas where some people felt the guidelines were intended to protect members of the organized profession from competition, rather than protecting the public from incompetent or unscrupulous practitioners. Some examples of this include the prescription against advertising in law and medicine, which has come under legal attack and seems to be on the way to some liberalization. With some of these changes, law clinics are advertising, doctors are advertising and there is advertising of fees. This has not sparked controversy in the Society of Actuaries or in actuarial organizations generally.

The current Society of Actuaries' advertising guides don't present this kind of problem because they seem to permit room for appropriate informational content that one might want to use. One area of possible concern lies in the nature of our requirement that actuaries practice only where qualified. As mentioned earlier, there is a very strong reference to experience in establishing such qualifications. This seems valid, but we might remind ourselves that an absolute requirement of experience would make breaking into the profession very difficult, even for one who has studied very extensively. Society membership, after all, has no experience requirements.

On the whole I see no real problem for us. The opinions do allow an actuary to accept an assignment, upon disclosure, where his qualifications are limited but where he will undertake research and professional consultation sufficient to overcome these limitations. This is similar to the lawyers' guides, although interestingly enough the lawyers are not specifically asked to give disclosure in such cases, but are cautioned that their research should not result in undue expense nor in delay to the client.

In terms of specific issues that are controversial, actuaries are faced with no counterpart of the physicians' concern with problems of life extension by artificial means, abortion and other serious ethical problems of great interest to society as a whole. Nor are we confronted with problems as dramatic as might the lawyer whose client confesses in confidence to a crime for which another has been convicted.

Actuaries have their own issues though, and there has been a fair amount of controversy over recent years within our profession. There has been spirited discussion of the investment year approach versus the portfolio approach to individual life dividends. In the pension area there has been discussion of implicit versus explicit assumptions. Actuaries in the pension field are also currently discussing the use with final pay plans of the unit credit valuation method with a benefit prorated by compensation. Earlier today, there was a panel discussion of some of

the work being done in the individual life dividend area in all of the actuarial bodies. There are exposure drafts of recommendations on life insurance dividend principles before the American Academy. There is similarly an exposure draft of an interpretation on the unit credit valuation method question. As Milt mentioned, recommendations and interpretations are more specific than the Guides and Opinions to Professional Conduct.

Some people would welcome specificity if it enforces their practice or view of practice or rules out a practice they do not favor. However, specificity does have a potential for overriding a serious minority view. Recommendations and interpretations generally can be deviated from by an actuary who reports such deviation and who is prepared to support its use, so there would seem to be room for fairly specific definitions of a range of generally accepted actuarial practice without monolithic and total support from every member of the profession, so long as there is a general base of support. No one, though, will be pleased to announce and defend a deviation. There is a broad range of responsible practice within our profession on many issues, and we can fashion our evolving recommendations and interpretations in such a way as to recognize this fact, while maintaining both our responsibility to the public and to the profession.

MR. BRAGG: Thank you, Dick. This is the point where I put on the panelist hat. As Chairman of the Society's Committee on Complaints and Discipline (C&D Committee), I have the assignment of discussing the last topic on our program: "Disciplinary Procedures of the Society of Actuaries and other bodies." At the outset, let me say that very few cases come before the C&D Committee. Considering the size of our membership, this is a tribute to the high ethical standards of our membership, and that is what our profession is all about. The actuarial profession must maintain its reputation for high ethical standards.

Actuaries are very precise and have very precise iron-clad procedures for handling disciplinary matters. Article VII, Section 2 of the Constitution of the Society deals with these matters. Here are some of the salient points:

1. The Committee on Complaints and Discipline must have not less than 15 Fellows with the Past President of the Society as Chairman.
2. The Chairman may add additional members for the purpose of considering a particular matter.
3. The committee may consider a specific case on its own initiative, or upon a complaint preferred in writing from any other source. The requirement that the complaint be in writing is quite important.
4. The committee has the power to acquit, warn or admonish, entirely on its own initiative.
5. The other possible actions are private reprimand, public reprimand, suspension and expulsion. All four of these levels of action must be taken by Board of Governors resolution after a recommendation from the Committee. The Board cannot act without a committee recommendation. The Board can downgrade the punishment level but it cannot upgrade the punishment level.

6. There are safeguards in appropriate cases regarding the right to appear in person and by counsel.
7. Except for acquittal, a two-thirds majority of the entire C&D Committee is required before any action may be taken. That is, a two-thirds majority is needed to warn or admonish; a two-thirds majority is needed to recommend higher levels of punishment.
8. Except for public announcements which are necessarily made in the case of public reprimand, suspension or **expulsion**, all proceedings are deemed confidential and kept secret. So that, except for persons who are constitutionally required to have knowledge, no one knows that an investigation is going on, or ever knows the verdict or outcome, even if it is acquittal.

Other actuarial bodies also have disciplinary procedures. The American Academy of Actuaries bylaw is Section 2 of bylaw VIII. The CIA bylaw is number 58. The Casualty Actuarial Society bylaw is Article IV. The Society is the only one of the bodies that deals with all of this in its constitution, not in its bylaws. I'm not going to try to go extensively into the differences that exist among the organizations. However, the Society's committee has more flexibility than that of the Academy in dealing with warning and admonishment situations. This is because of the following wording which is in the Society's Constitution but is not in the Academy bylaw.

"If after any such investigation the Committee determines to warn or admonish the member, it may do so without further proceedings."

The Academy bylaw does not contain this wording. The additional flexibility which the Society has enables it to deal with some situations which might be only just incipient. A large amount of self-discipline and informal discipline takes place among our members; a tremendous amount that the C&D Committee never even hears about. There is self-discipline and informal discipline among the colleagues in a firm, between friends, etc. This is extremely desirable.

Investigating committees are common with regard to particular matters. When a particular matter comes up an investigating committee is appointed to find the facts and report to the overall Committee on Complaints and Discipline. Sometimes there are joint investigating committees of two or more of the bodies. If that happens, each body - I can certainly say this in the case of the Society - would select only its own members on that joint investigating committee.

Let me point out something very important. Even if there is a joint "fact-finding group" and whether or not the Society knows that another body is involved, the Society's disposal of the matter is entirely independent of any action taken by another body. Because of the secrecy and confidentiality requirements other bodies generally do not even know about the Society's actions, and vice versa. In Complaint and Discipline matters, there is definitely no question of "amalgamating" the actuarial profession.



In closing, let me repeat an earlier statement: the actuarial profession must above all else maintain its reputation for high ethical standards. That statement applies to the whole of the iceberg not just the tip which might be considered for formal disciplinary action. When Warren Luckner pointed out that 28% of his respondents had encountered situations with respect to personal ethics or guides, this was a surprisingly high figure. He also gave examples of certain actions which his respondents had mentioned. I won't repeat them here, but there are others that could be added. Such questionable practices may be entirely legal and may be even in literal compliance with the Guides and Opinions. Despite this, it is up to ourselves as individuals to recognize a questionable practice and to see that it is not followed. Self-discipline and informal discipline are historic attributes of our profession and must be maintained. Self-discipline could be added as an eighth characteristic of a true professional.

MR. CHAUNER: There is real power in the fact that we only have a very few cases that come up and are listed and recorded and are known about. That points out how many more things are being informally handled. Informality and the fact that we have guides and recommendations, although we very seldom use them, is really the power of this professional conduct.

MR. ROBERT C. WINTERS: The difference between the Society and the Academy should not be overstated. A great deal of the Academy's committee action has also been relatively informal where the individual says, "I didn't realize that was a violation, but when I read the guides, you're right, I shouldn't have done that and I won't do it again," and that's the end of it, as it frequently should be. The fact that the Academy's provisions are in its bylaws is not really different because we don't have a constitution. The bylaws are the highest level of commitment which the Academy makes to itself and its membership and there really isn't that much difference. Both operate very effectively.

MR. ANDREW C. WEBSTER: One point that I would like to emphasize is that the public is entitled to competence and good conduct, and the installation of disciplinary procedures and the guides to conduct are for the protection of the public. The guides are not for the benefit of the members of the Society. We have to give service to the public and service includes competence in conduct. I think this has not been investigated closely enough.

MR. GREGG L. SKALINDER: I just received a form to renew my status as an Enrolled Actuary and the first question on the form is "Have you ever been the subject of a disciplinary proceeding before any professional society?" This form is signed under penalty of perjury. So much for the secrecy of disciplinary proceedings, at least, for Enrolled Actuaries.

My question is: Given that the purpose of the Society is as a learned and educational society, should there be disciplinary proceedings at all? If your answer is yes, is it appropriate to take away the ASA-FSA designation? I would refer to the ABA ethics, which to my knowledge are not directly enforced. They are adopted quite widely by the various Supreme Courts of the various states and enforced through a Government body not by the body itself.

MR. STENSON: The lawyers, accountants and doctors do have State licensing in the United States that is much more extensive than anything involving the American Academy of Actuaries and, indeed, the ABA guidelines are truly enforced through the authority of the States. In theory, one could argue that the Society of Actuaries is an educational organization and the other bodies should concern themselves with discipline. Perhaps the Society shouldn't worry about anything except exam-taking discipline (proctoring, etc.), but personally I don't agree.

MR. WINTERS: Mr. Skalinder has raised a very interesting question. It's important that we bear in mind that the Society of Actuaries is not the only representational body for the profession. It is perfectly possible to analogize the FSA with the LLB and still maintain a structure which will protect the public. We have this in the CIA in Canada and in the Academy in the U.S. so it is possible to accord that concern and still maintain the public protection. In fact, in the important area of questionable conduct, the Society is unable to act where a Society member is charged by a member of the Casualty Society with improper conduct in an area over which the Society has no scope at all (Workman's Compensation for example). The Academy is the only organization that can act there.

MR. JOHN W. PADDON: As General Chairman of the Education and Examination (E&E) Committee I would like to state a few brief facts on how actual cases of examination cheating were handled and have been fitted into the complaints and disciplinary process over the last several years.

It was not until around 1974 that the first documented case of cheating on a preliminary actuarial examination was brought to our attention. It was over the course of the following two or three years that the Board of Governors has delegated to the E&E committee the right, prior to the release of exam results, to assign a grade of zero to a paper without any further disciplinary action with respect to a later exam. The candidate would be notified that he has the right of appeal through the Committee on Complaints and Discipline through the normal disciplinary process.

The E&E Committee does not have the right to act in this manner on Part 4 because there are four bodies involved with joint sponsorship, including an agency of the Federal Government. A full investigation must be conducted.

For Fellowship exams, this will involve the disciplinary actions of a member of the Society so that the matter, after investigation and assembling of any pertinent facts by the E&E Committee, is forwarded to the Committee on Complaints and Discipline.

It should be mentioned that Parts 1, 2 and 3 are jointly administered exams (with the CAS) and it is helpful if one organization would inform the other of their independent action on whether credit is given to the candidate. This is the only exception in those cases.

MR. WILLIAM DAVID SMITH: I am very interested in the question of whether the Society should be in the complaints business. I think it would be ideal if we weren't. But, at the present time, I think that's impossible because we do not have a licensing body someplace. We do have that for one small segment of our profession, the Enrolled Actuaries, who are licensed by the Joint Board for the Enrollment of Actuaries, but, although many FSA's are EA's there are many EA's who are not FSA's, which creates a very significant problem.

Even though an FSA designation does not give us a license to practice, we act as if it does. Consequently, we cannot give the American Academy, the CIA or the British Institute the whole problem of complaints and discipline because we have too many Society members who are not members of these other organizations.

MR. M. DAVID R. BROWN: I would like to point out that there is another small segment of the membership of the society which has a defacto licensing situation, and that is those of us in Canada, most of whom are also members of the Society. To my knowledge no Canadian case has come before the C&D committee, and I suspect it has been some time since any such case would have been brought before that committee. Things might eventually develop that way in the United States. If the licensing situation became stronger, then the licensing body presumably becomes the one that would have the principle responsibility for disciplinary action.

MR. SMITH: The Canadian Government is apparently willing to give essentially the whole licensing situation to the Canadian Institute of Actuaries. In the United States we have a number of judicial bodies that we would like to license us but aren't doing it. We have all of the states and the Federal Government, but the only thing that has happened so far is that the EA's are licensed by the Joint Board for the Enrollment of Actuaries and most state laws are now saying that a member of the American Academy can sign a life insurance company annual statement. They don't limit the signing of the statement to members of the Academy but merely cite such members as one of the categories that can.

MR. LUCKNER: What of the situation where one actuary confides in another actuary about a possible breach of professional conduct that either has occurred or potentially could occur? What is the responsibility of the latter actuary, legally or ethically? Is he going to be put in the awkward situation if our guides and opinions enforce some type of requirement that he report what he knows to the Society? This tends to discourage some of the informal discipline because you wouldn't talk to other actuaries if you thought they would report you.

MR. JEROME F. SEAMAN: If you encounter conduct of an actuary which seems unprofessional but doesn't meet the literal guidelines of the Guides to Professional conduct or the Opinions or Recommendations, what facility is there within the organizational structure to have that kind of behavior discussed?

MR. BRAGG: In the Society we would hope that it would be referred to the Committee on Complaints and Discipline and handled very informally according to the methods that are possible in the Society.

MR. BROWN: Emphasis has been placed on the confidentiality of the disciplinary proceedings. However, it's my impression that other professions desire that there be some publicity given to the fact that someone has been disciplined, in the sense that it reassures the public that somebody is worrying about it and that protection is being provided by the profession itself. I wonder if we're going too far with confidentiality and the public may not have the confidence that the procedures are available and occasionally being exercised.

MR. BRAGG: I certainly believe that it is proper to have a disciplinary procedure in the Society of Actuaries. We are a membership organization; also we have a lot of members who aren't members of these other bodies. But on the matter on confidentiality the Society's Constitution was changed in the beginning of 1980 to provide for public reprimand. Formerly, there was only one kind of reprimand, confidential, but the reprimands are now of two kinds, private and public. Maybe more of them should be public.

PROFESSIONAL CONDUCT

ROLES-Table 1

Do you consider yourself a professional?

Why or why not?

	<u>Student</u> (38 total)	<u>A.S.A.</u> (1 A.C.A.S.) (35 total)	<u>F.S.A.</u> (2 F.C.A.S.) (61 total)	<u>M.A.A.A.</u> (45 total)	<u>E.A.</u> (18 total)
Yes	26 (68%)	31 (89%)	58 (95%)	44 (98%)	18* (100%)
No	9 (24%)	3 (9%)	3	1	--
Yes & No	--	1	--	--	--
No Response	3	--	--	--	--

\* Includes one pending

<u>REASONS WHY</u>	<u>Student</u> (26 total)	<u>A.S.A.</u> (1 A.C.A.S.) (32 total)	<u>F.S.A.</u> (2 F.C.A.S.) (58 total)	<u>M.A.A.A.</u> (44 total)	<u>E.A.</u> (18 total)
Educational process--College, exams, continuing education	13 (50%)	15 (47%)	25 (43%)	23 (52%)	6 (33%)
Body of knowledge--expertise, specialized skill, work demands/nature of work	14 (54%)	13 (41%)	28 (48%)	25 (57%)	8 (41%)
Professional qualification standards	1	4	5	4	1
Standards of Professional Conduct/Ethics	1	1	18 (30%)	17 (38%)	6 (35%)
Tradition of Service					
Organization/professional designation		3	6 (10%)	3	1
Recognition by others	2	2	4	3	
Experience	1	5	2		2
Judgment		3	1	1	
Responsibility	5 (19%)	6 (19%)	9 (16%)	5 (11%)	1
Independence		1	4	3	2
Others (at most 2 in a given category)					
--compensated for services; cooperation in solving problems; as corporate executive; by dictionary definition; association with others, mental vs. physical work; internalized standards; adherence to actuarial principles; attitude and understanding; importance of work; "I wear a suit to work."					
No reason given.	2	1	6 (10%)	5 (11%)	4 (22%)

<u>REASONS WHY NOT</u>	<u>Student</u> (9 total)	<u>A.S.A.</u> (1 A.C.A.S.) (4 total)	<u>F.S.A.</u> (2 F.C.A.S.) (3 total)	<u>M.A.A.A.</u> (1 total)	<u>E.A.</u> (0 total)
Not enough experience or knowledge	4	3			
Not enough responsibility	3	1	1		
Society of Actuaries minimum of A.S.A.	1				
Doing other than actuarial work			1	1	
Businessman with technical expertise.			1		

- Note:
1. Many gave more than one reason
  2. M.A.A.A.'s, E.A.'s are also included in one of the other categories
  3. All but 2 E.A.'s are also M.A.A.A.'s.

## DISCUSSION—CONCURRENT SESSIONS

ETHICS—Table 2

	<u>Student</u> (38 total)	<u>A.S.A.</u> (1 A.C.A.S.) (35 total)	<u>F.S.A.</u> (2 F.C.A.S.) (61 total)	<u>M.A.A.A.</u> (45 total)	<u>E.A.</u> (18 total)
Have you read Guides to Professional Conduct of:					
(a) American Academy					
Completely	1	3	26 (43%)	25 (56%)	10 (56%)
In part	3	10 (29%)	22 (36%)	17 (38%)	7*(39%)
Not at all	31 (82%)	17 (49%)	10 (16%)	3	1
No Response	3	5	3		
(b) Society of Actuaries					
Completely	6	20 (57%)	34 (56%)	28 (62%)	12 (67%)
In part	2	11 (31%)	27 (44%)	17 (38%)	6*(33%)
Not at all	28 (74%)	4			
No Response	2				
Have you read Opinions as to Professional Conduct of:					
(a) American Academy					
Completely		2	20 (33%)	19 (42%)	9 (50%)
In part	3	9 (26%)	22 (36%)	15 (33%)	6*(33%)
Not at all	30 (79%)	19 (54%)	15 (25%)	10 (22%)	3 (17%)
No Response	5	5	4	1	
(b) Society of Actuaries					
Completely	3	9 (26%)	25 (41%)	20 (44%)	9 (50%)
In part	3	13 (37%)	27 (44%)	19 (42%)	6*(33%)
Not at all	27 (71%)	11 (31%)	8 (13%)	6 (13%)	3 (17%)
No Response	5	2	1		

ETHICS—Table 3

\* Includes one pending

	<u>Student</u> (38 total)	<u>A.S.A.</u> (1 A.C.A.S.) (35 total)	<u>F.S.A.</u> (2 F.C.A.S.) (61 total)	<u>M.A.A.A.</u> (45 total)	<u>E.A.</u> (18 total)
What is your opinion of the Guides and Opinions to Professional Conduct?					
No Opinion/Blank	32 (84%)	11 (31%)	10 (16%)	5 (11%)	--
Favorable/Needed	6	22 (63%)	45 (74%)	35 (78%)	17 (94%)
comments included:	adequate, necessary evil, flexible, similar to common sense, good cornerstone to personal conduct, necessary if the profession is to "police" itself.				
Unfavorable/No Need	--	2	6 (10%)	5 (11%)	1
comments included:	weak, wordy, too general, divorced from real world, incomplete, overbearing, if all this is necessary we really aren't very professional.				

Many favorable opinions did include some unfavorable aspects of the Guides and Opinions.

ETHICS-Table 4

Situations Involving Personal Ethics

Respondents giving specific situation

<u>Category</u>	<u>Number in Category</u>	<u>Percentage of that Category</u>
Total (134)	23	17%
FSA ( 61)	15	25%
ASA ( 35)	7	20%
Student( 38)	2	5%
EA ( 18)	10	56%
MAAA ( 45)	14	31%

Respondents giving general situations or making comments

<u>Category</u>	<u>Number in Category</u>	<u>Percentage of that Category</u>
Total (134)	12	9%
FSA ( 61)	7	11%
ASA ( 35)	3	9%
Student( 38)	1	3%
EA ( 18)	1	6%
MAAA ( 45)	5	11%

Situations Involving The Guides

Respondents giving specific situations

<u>Category</u>	<u>Number in Category</u>	<u>Percentage of that Category</u>
Total (134)	10	7%
FSA ( 61)	8	13%
ASA ( 35)	2	6%
Student( 38)	0	0%
EA ( 18)	5	28%
MAAA ( 45)	8	18%

Respondents giving general situations or making comments

<u>Category</u>	<u>Number in Category</u>	<u>Percentage of that Category</u>
Total (134)	10	7%
FSA ( 61)	5	8%
ASA ( 35)	3	9%
Student( 38)	1	3%
EA ( 18)	1	6%
MAAA ( 45)	4	9%

SURVEY—Table 5

The following is a compilation of the responses to the question:

Do you consider yourself a professional? Why or why not?

A typed form presenting the question was distributed prior to the beginning of the concurrent session. Responses were collected before the presentations were made in order to obtain immediate, spontaneous and unbiased responses.

<u>Status</u>	<u>Total Number of Respondents</u>	<u>Number of "Yes" Responses</u>	<u>Number of "No" Responses</u>
Student taking actuarial exams	0	-	-
ASA taking actuarial exams	8	8	0
ASA no longer taking actuarial exams	2	2	0
FSA	31	31*	0
Other -visiting actuary from UK	<u>1</u>	<u>1</u>	<u>1</u>
	42	42*	0

\*includes one FSA who responded "yes-part time"

The unanimity of the responses is perhaps not surprising given that they were all attendees at a concurrent session on professional conduct!

The reasons given provide some additional insight. The difficulty in categorizing open ended responses should be kept in mind in reviewing the following numerical summary.

<u>Category</u>	<u>ASA taking actuarial exams</u>	<u>ASA no longer taking actuarial exams</u>	<u>FSA</u>
Educational process - college, exams, continuing education	2	1	13
Body of knowledge - expertise, skills, nature of work	2	1	12
Professional qualification standards	1		3
Standards of professional conduct/ethics	2		10
Tradition of service	1	1	3
Organization	1		2
Recognition by others	1		2
Experience			3
Judgment			3
Responsibility	2		
Independence			2
Others - "responsibility of representing the actuarial profession"	1		
No reason given			3