

2017 Valuation Actuary Seminar
October 18-19, 2017
Boston Marriott Copley Place
Boston, MA

Session 16PD: A Professionalism Session

Moderator:

James A Miles, FSA, MAAA

Presenters:

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James A Miles, FSA, MAAA

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A Professionalism Session

2017 Valuation Actuary Seminar
October 19, 2017

Mike Boot, FSA, MAAA
James Miles, FSA, MAAA



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ACTUARIES**

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- **DON'T** discuss your own, your firm's, or others' prices or fees for service, or anything that might affect prices or fees, such as costs, discounts, terms of sale, or profit margins.
- **DON'T** stay at a meeting where any such price talk occurs.
- **DON'T** make public announcements or statements about your own or your firm's prices or fees, or those of competitors, at any SOA meeting or activity.
- **DON'T** talk about what other entities or their members or employees plan to do in particular geographic or product markets or with particular customers.
- **DON'T** speak or act on behalf of the SOA or any of its committees unless specifically authorized to do so.
- **DO** alert SOA staff or legal counsel about any concerns regarding proposed statements to be made by the association on behalf of a committee or section.
- **DO** consult with your own legal counsel or the SOA before raising any matter or making any statement that you think may involve competitively sensitive information.
- **DO** be alert to improper activities, and don't participate if you think something is improper.

If you have specific questions, seek guidance from your own legal counsel or from the SOA's Executive Director or legal counsel.

Presentation Disclaimer

Presentations are intended for educational purposes only and do not replace independent professional judgment. Statements of fact and opinions expressed are those of the participants individually and, unless expressly stated to the contrary, are not the opinion or position of the Society of Actuaries, its cosponsors or its committees. The Society of Actuaries does not endorse or approve, and assumes no responsibility for, the content, accuracy or completeness of the information presented. Attendees should note that the sessions are audio-recorded and may be published in various media, including print, audio and video formats without further notice.

The Code of Professional Conduct sets forth what it means for an actuary to act as a professional.

Code of Professional Conduct, 2001

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.

Precept 1

Code of Professional Conduct, 2001

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.

Precept 2

Code of Professional Conduct, 2001

An Actuary shall ensure that Actuarial Services performed by or under the direction of the Actuary satisfy applicable standards of practice.

Precept 3

Code of Professional Conduct, 2001

Black: Clearly not OK and action is required.

White: Clearly OK and no action is required.

Gray: May or may not be OK. It depends.

Brief scenarios will be used to focus the discussion.
The scenarios will be presented during the session. All
the scenarios involve John.

John's Brief Bio

FSA

BA (Actuarial Science), Big State University

Summer intern, DB Pension Consultants, 2 summers.

Actuary, Goode Life Consultants, since graduation.

John reports to Bea Goode, Principal.

The following slides contain excerpts from the Code of Professional Conduct and from ASOP No. 1.

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An Actuary who issues an Actuarial Communication shall take appropriate steps to ensure that the Actuarial Communication is clear and appropriate to the circumstances and its intended audience and satisfies applicable standards of practice.

Precept 4

Code of Professional Conduct, 2001

An Actuary shall ensure that Actuarial Services performed by or under the direction of the Actuary satisfy applicable standards of practice.

Precept 5

Code of Professional Conduct, 2001

An Actuary who performs Actuarial Services shall take reasonable steps to ensure that such services are not used to mislead other parties.

Precept 8

Code of Professional Conduct, 2001

An Actuary shall perform Actuarial Services with courtesy and professional respect and shall cooperate with others in the Principal's interest.

Precept 10

Code of Professional Conduct, 2001

An Actuary with knowledge of an apparent, unresolved, material violation of the Code by another Actuary should consider discussing the situation with the other Actuary and attempt to resolve the apparent violation. If such discussion is not attempted or is not successful, the Actuary shall disclose such violation to the appropriate counseling and discipline body of the profession, except where the disclosure would be contrary to Law or would divulge Confidential Information.

Precept 13

Code of Professional Conduct, 2001

ASOPs are binding on members of U.S.-based actuarial organizations when rendering actuarial services in the U.S.

ASOP No. 1, Section 1

The guidance in the ASOPs need not be applied to immaterial items.

ASOP No. 1, Section 2.6

ASOPs identify what should be considered, done, documented, and disclosed when rendering actuarial services.

ASOP No. 1, Section 3.1

Actuaries should take a good faith approach in complying with ASOPs, exercising good judgment and professional integrity.


ASOP No. 1, Section 4.2

Actuaries are responsible for determining which ASOPs apply to the task at hand.

ASOP No. 1, Section 4.3

Applicability Guidelines - Act Guidance for actuaries x +

abcdboard.org/guidance

 Actuarial Board for
Counseling and Discipline

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Guidance for Actuaries

In addition to considering cases involving possible violations of the Code of Professional Conduct, the ABCD provides guidance to actuaries who ask for help in interpreting the Code and/or actuarial standards of practice (ASOPs).

In some cases, the requests are informal. Generally, an individual ABCD member answers an informal inquiry. These responses represent the individual ABCD member's considered opinion, not necessarily the views of the ABCD as a whole.

In other cases, more formal responses are requested. The ABCD as a whole considers such matters, and, if appropriate, provides written formal guidance.

The ABCD also responds to requests for guidance from actuarial students and to requests for information from others, such as users of actuarial services.

How to request guidance

Most requests for guidance are made by e-mail or by phone to the ABCD office (guidance@abcdboard.org, 202.223.8196) or to an individual **ABCD member**.

If you prefer, you may also fax your request to the ABCD office (attention: Brian Jackson) at 202.872.1948, or send it by mail to:

Actuarial Board for Counseling and Discipline
1850 M Street, NW
Suite 300
Washington, DC 20036

If you send your request for guidance to the ABCD office, Staff Attorney Brian

Windows Taskbar: I'm Cortana. Ask me anything. 11:33 AM 3/19/2016

Standards of Practice - X +

actuarialstandardsboard.org/standards-of-practice/#filter=Life

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ASB ACTUARIAL STANDARDS BOARD

ALL STANDARDS GENERAL CASUALTY ERM HEALTH LIFE PENSION

These are standards developed by the Life Committee, but not the only standards that may apply to a life practitioner. It is up to the individual actuary to review the standards and determine which ones apply to their work.

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ASOP 2

Nonguaranteed Charges or Benefits for Life Insurance Policies and Annuity Contracts

Category: Life
Date: March 2004
Status: Adopted

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ASOP 7

Analysis of Life, Health, or Property/Casualty Insurer Cash Flows

Category: Life
Date: May 2011
Status: Adopted


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ASOP 10

Methods and Assumptions for Use in Life Insurance Company Financial Statements Prepared in Accordance with U.S. GAAP

Category: Life
Date: May 2011
Status: Adopted

ABOUT THE ASB



ACTUARIAL STANDARDS BOARD

The Actuarial Standards Board (ASB) establishes and improves standards of actuarial practice. These Actuarial Standards of Practice (ASOPs) identify what the actuary should consider.

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