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EDITORIAL

Compliance with Canadian and U.S. standards continues to be an issue

by Mike McGuinness

The topic of standards of practice and, to a lesser extent, the discipline process dominated the Canadian Institute of Actuaries (CIA) meeting held in snowy Ottawa in early December. For some years, the CIA has engaged in the Herculean task of producing consolidated standards of practice. Judging by the discussion and vote at the Ottawa meeting, it has the support, at least in principle, of the majority of the members. Some deeply felt concerns about specific issues are being addressed, and a revised exposure draft is expected to be released later in 1996. Not everyone will be satisfied; some draft standards have been criticized on one hand as being too Draconian and on the other, as not going nearly far enough. Momentum to finalize the consolidated standards is being maintained, and I hope the work will be completed reasonably soon.

Related to this topic is the article on page 6 on actuaries keeping out of trouble by being aware of the discipline process. The article is the result of interviews with the chairs of the Actuarial Board for Counseling and Discipline (ABCD) and the discipline committees of the SOA and CIA. It describes how the process works in the United States and Canada and contains useful advice on how to avoid being entangled in the discipline process. I especially support Norman Crowder's comments on the need for members to be fully informed about current requirements of professional conduct and standards of practice.

Also in this issue is the text of President Sam Gutterman's address at the SOA annual meeting in Boston last October. For those who were not at the meeting, the article provides an

opportunity to become aware of issues being addressed by SOA leadership. It also is a reminder of the many opportunities for members to become involved in the Society's work and, at the same time, to enhance their professional skills.

One aspect of professionalism mentioned in the address is that of service to the public. Under President-Elect Dave Holland's leadership, the Committee on Planning is to revise the SOA's mission statement to emphasize this responsibility. Relating to this issue, President Gutterman points out in his "actuarial black box" editorial that to be really effective, a professional should be able to explain his or her work in language understandable to those who are not members of the profession. Not only does explaining technical matters in nontechnical terms improve the actuary's credibility, but by subjecting our work to examination by nonactuaries, it also helps reduce the chance of making mistakes. The letter to the editor on page 14 from the American Academy of Actuaries Health Organization Risk Based Capital Task Force is a concrete example of work being done to eliminate the black box.

President Gutterman's address also refers to the restructuring of the SOA education system, both the basic education and continuing education arms. The Design Team is working to maintain the existing basic education standards, of which the SOA is justifiably proud, while providing the flexibility necessary for the current environment. The public for whom we work relies on us for current expertise. They are not being properly served if we merely apply by rote examination material studied by at least some of us 35 years ago.