



SOCIETY OF ACTUARIES

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Disciplinary Notice

NOTICE OF DISCIPLINARY DETERMINATION

JUNE 2011

On February 16, 2011, the Society of Actuaries convened a Discipline Committee to review a matter referred by the Actuarial Board for Counseling and Discipline (“ABCD”). The matter related to the conduct of Robert S. Wagstaff, FSA, as an illustration actuary for a life insurance company during the period 1999 to 2008. The Discipline Committee determined that Mr. Wagstaff should be suspended from the Society of Actuaries for a period of five years due to material violations of certain Precepts¹ under the Code of Professional Conduct.

As an illustration actuary for his employer, Mr. Wagstaff prepared, signed and issued annual certifications that his company’s life illustrations were prepared in accordance with state regulations and in conformity with ASOP 24. During the years at issue, however, he had not performed the underlying tests required to make such certifications, or maintained the documentation to support the certifications as required by ASOP 24. The Discipline Committee determined that this conduct violated Precepts 1 and 3, which state:

- **Precept 1:** 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 3:** An Actuary shall ensure that Actuarial Services performed by or under the direction of the Actuary satisfy applicable standards of practice.

Because Mr. Wagstaff had not performed the underlying tests required to make the certifications he issued during these years, he misled the state regulators where the certifications were filed, as well as the management, agents and policyholders of his employer. Mr. Wagstaff thereby violated Precept 8, which states:

- **Precept 8:** An Actuary who performs Actuarial Services shall take reasonable steps to ensure that such services are not used to mislead other parties.

All members of the SOA are reminded of their responsibility to follow the Code of Professional Conduct. Members are encouraged to maintain familiarity with the Code and its precepts by regular review and/or participation in webcasts or professionalism sessions offered at various SOA and other actuarial conferences. In addition, in the US, the ABCD is available for counseling on matters related to professional conduct and actuarial practice.

¹ The violations of Precepts 1, 3 and 8 relate to conduct during the period 2001 to 2008. For 1999–2000, the violations relate to the predecessors of these precepts under the Code of Professional Conduct in effect prior to 2001.

JUNE 2011

On February 23, 2011, the Society of Actuaries convened a Discipline Committee to review a matter referred by the Actuarial Board for Counseling and Discipline (“ABCD”). The matter related to the conduct of Thomas M. Tolliver, ASA, and his qualifications for handling matters related to various US qualified pension plans during the period 1999 to 2008.

The Discipline Committee determined that Mr. Tolliver should be expelled from the Society of Actuaries for material violations of certain Precepts under the Code of Professional Conduct.

Precept 1 states, “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.” Mr. Tolliver violated Precept 1 when he failed to renew his Enrolled Actuary status and then repeatedly misrepresented himself as an Enrolled Actuary in good standing to his employer, his clients, and the Internal Revenue Service.

Precept 2 states, “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.” Mr. Tolliver violated Precept 2 by signing Schedules B to IRS Form 5500 for several years during which he was not qualified to do so.

Precept 8 states, “An Actuary who performs Actuarial Services shall take reasonable steps to ensure that such services are not used to mislead other parties.” Mr. Tolliver violated Precept 8 by misleading various parties as he signed statements as an Enrolled Actuary while he was not qualified to do so.

Precept 14 states, “An Actuary shall respond promptly, truthfully, and fully to any request for information by, and cooperate fully with, an appropriate counseling and disciplinary body of the profession in connection with any disciplinary, counseling, or other proceeding of such body relating to the Code. The Actuary’s responsibility to respond shall be subject to applicable restrictions on Confidential Information and those imposed by Law.” Mr. Tolliver violated Precept 14 by failing to respond promptly to the ABCD during its investigation.

The violations of Precepts 1, 2 and 8 relate to conduct during the period 2001 to 2008. For the period 1999 to 2000, the violations relate to Precepts 1, 3 and 9 of the Code of Professional Conduct in effect prior to 2001.

All members of the SOA are reminded of their responsibility to follow the Code of Professional Conduct. Members are encouraged to maintain familiarity with the Code and its precepts by regular review and/or participation in webcasts or professionalism sessions offered at various SOA and other actuarial conferences. In addition, in the US, the ABCD is available for counseling on matters related to professional conduct and actuarial practice.

MAY 2011

On May 27, 2010, the Society of Actuaries convened a Discipline Committee to review a matter referred by the Actuarial Board for Counseling and Discipline (“ABCD”). The matter related to work performed by Jonathan Schwartz, ASA, as a consulting actuary on behalf of certain clients; namely, in preparing certain actuarial communications for his clients which provided estimates of the future cost of proposed legislation affecting public pension obligations.

The Discipline Committee determined to publicly reprimand Mr. Schwartz for material violations of Precepts 1, 3 and 4 of the Code of Professional Conduct. The Committee determined (as did the ABCD) that Mr. Schwartz’s communications with his clients did not satisfy applicable Actuarial Standards of Practice (ASOPs) in that:

