



SOCIETY OF ACTUARIES

Article from:

# The Actuary

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### Section Corner

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#### • Pension Provisions of GATT: Non-Funding issues

What are the non-funded issues of the Retirement Protection Act of 1994? Premium changes, the effect on excise taxes, and the calculation of lump sums are some of the seminar topics.

#### • Balancing Defined Benefit and Defined Contribution Plans

How should these pension plans be handled? Seminar attendees can expect to find a fresh approach on this important subject.

#### • Social Security Programs in Canada and the United States

Will Social Security be there for future retirees? Alternative funding prospects and benefit stipulations on the financial security of participants are going to be explored.

#### Reinsurance

The March 1995 issue of *Reinsurance Section News* contains a regulatory update. The report discusses reinsurance tax, federal and state regulations, NAIC regulatory activity, industry group activity, and financial news.

#### Smaller Insurance Company

Smaller Insurance Company Section Chairman John M. O'Sullivan, now

vice president of Protective Life Insurance Company, Birmingham, Ala., outlines his goals as Section chair in the December 1994 issue of *Small Talk*. Sullivan stresses the need to build on work accomplished during the Section's first year and his desire to explore new areas. One proposal emphasizes building a resource manual of organizations, service bureaus, or software vendors able to assist Section members with getting their jobs done more efficiently. Another idea is to share previous project outlines from Section members so others may benefit from previous experience.

## Society member reprimanded

The Society of Actuaries Committee on Discipline has voted for a public reprimand of William B. Dandy, FSA. This action was taken following an investigation and hearing by the Actuarial Board for Counseling and Discipline (ABCD) and evaluation of their findings by the Society's Committee on Discipline.

The ABCD found that Mr. Dandy violated Precepts 2, 3, and 4 of the Code of Professional Conduct. He agreed to undertake an assignment to calculate the unpaid claim liability and provide a Statement of Actuarial Opinion for the 1991 annual statement of a small life insurance company. His work was completed in six days, and he

issued a "clean" statement of Actuarial Opinion, although:

- a) He did not obtain the Statement of Actuarial Opinion for the 1990 annual statement.
- b) He did not obtain information about the adequacy of the unpaid claim liability reported in the 1990 annual statement, and he did not analyze the relationship of that liability to the liability he calculated for the 1991 annual statement.
- c) He made no effort to determine why the assignment was requested so close to the filing deadline.
- d) He stated in his opinion that reserves "are computed on the basis of assumptions consistent with those

used in computing the corresponding items in the annual statement of the previous year-end," when he had no information as to how items had been computed at the previous year-end.

- e) He exhibited an inadequate understanding of his professional obligation with respect to the appropriate Qualification Standards and his need to maintain personal records of his compliance with these Standards.

The Committee believes that the deficiencies in the approach to the assignment that Mr. Dandy undertook are especially serious when considered in the context of the public trust placed in the resulting Actuarial Opinion.

### Thesis supervisor needed in Nankai

Nankai University in China needs another volunteer thesis supervisor for the 1996 fall semester. During the three-week stay on the Nankai campus, supervisors hold seminars on contemporary issues in insurance and social security and on applying actuarial techniques to solve problems.

They help guide students in selecting topics, preparing research, and writing theses.

The supervisor needs to be a senior SOA member who has practical experience in the insurance business or academic experience in supervising graduate students' theses.

Interested persons should contact Dr. Kailin Tuan, Program Coordinator, 212 South View Drive, Cherry Hill, NJ 08034; telephone: 609/429-7997; fax: 609/429-4053.