SOA
2020 VIRTUAL ANNUAL MEETING & EXHIBIT
OCTOBER 26–29, 2020
Session 9F: Texting All Actuaries

October 29, 2020
SOCIETY OF ACTUARIES

Antitrust Compliance Guidelines

Active participation in the Society of Actuaries is an important aspect of membership. While the positive contributions of professional societies and associations are well-recognized and encouraged, association activities are vulnerable to close antitrust scrutiny. By their very nature, associations bring together industry competitors and other market participants.

The United States antitrust laws aim to protect consumers by preserving the free economy and prohibiting anti-competitive business practices; they promote competition. There are both state and federal antitrust laws, although state antitrust laws closely follow federal law. The Sherman Act is the primary U.S. antitrust law pertaining to association activities. The Sherman Act prohibits every contract, combination or conspiracy that places an unreasonable restraint on trade. There are, however, some activities that are illegal under all circumstances, such as price fixing, market allocation and collusive bidding.

There is no safe harbor under the antitrust law for professional association activities. Therefore, association meeting participants should refrain from discussing any activity that could potentially be construed as having an anti-competitive effect. Discussions relating to product or service pricing, market allocations, membership restrictions, product standardization or other conditions on trade could arguably be perceived as a restraint on trade and may expose the SOA and its members to antitrust enforcement procedures.

While participating in all SOA in person meetings, webinars, teleconferences or side discussions, you should avoid discussing competitively sensitive information with competitors and follow these guidelines:

- **Do not** discuss prices for services or products or anything else that might affect prices.
- **Do not** discuss what you or other entities plan to do in a particular geographic or product markets or with particular customers.
- **Do not** speak on behalf of the SOA or any of its committees unless specifically authorized to do so.
- **Do leave** a meeting where any anticompetitive pricing or market allocation discussion occurs.
- **Do alert** SOA staff and/or legal counsel to any concerning discussions.
- **Do consult** with legal counsel before raising any matter or making a statement that may involve competitively sensitive information.

Adherence to these guidelines involves not only avoidance of antitrust violations, but avoidance of behavior which might be so construed. These guidelines only provide an overview of prohibited activities. SOA legal counsel reviews meeting agenda and materials as deemed appropriate and any discussion that departs from the formal agenda should be scrutinized carefully. Antitrust compliance is everyone’s responsibility; however, please seek legal counsel if you have any questions or concerns.
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.
Agenda

- Introduce Panel
- Review ASOP 41: Actuarial Communications
- Communications Polls and Scenarios
  - Communication Technology
  - Public Communications
  - International
  - Changing Circumstances
- Questions
ASOP 41 – Key Definitions

• **Actuarial Communication**: written, electronic or oral communication
  • issued by an actuary
  • with respect to actuarial services.

• **Actuarial Document**: An actuarial communication in any recorded form

• **Actuarial Finding**: The result of actuarial services

• **Actuarial Report**: The set of actuarial documents that the actuary determines to be relevant to specific actuarial findings that is available to an intended user

• **Actuarial Services**: Professional services provided to a principal by an individual acting in the capacity of an actuary

• **Oral Communication**: An actuarial communication made orally that has not, to the knowledge of the actuary, been recorded or transcribed verbatim
ASOP 41 – Key Takeaways

• Applicability
  • When are you providing an actuarial service?
  • Actuarial communication can be oral or written
  • Ongoing Communication

• Actuarial Report
  • Relied upon by an intended user
  • One or several documents
  • Actuarial findings
  • Identify methods, procedures, assumptions and data
  • Objective appraisal of the reasonableness
ASOP 41 – Key Takeaways

• Protecting against misuse or misinterpretation
  • Hard to control your work product
  • New players that may not be as familiar with terms – need for clarity

• Disclosures
  • Uncertainty and risks?
  • Reliance?
  • Responsibility?
Poll #1 – Communication Technology

Which of the following would be considered an Actuarial Communication, according to ASOP 41? (Rank from most to least)

A. A thread on Twitter about Actuarial findings
B. A recording of a Zoom presentation of Actuarial results
C. An article in a public magazine providing Actuarial advice
D. A direct conversation about Actuarial work on Slack/Teams
E. A Google doc or Google sheet of Actuarial assumptions
Case Study #1 – Communication Technology

Your new manager is a big proponent of the Agile philosophy and encourages cross departmental collaboration in the development of assumptions. She suggests using wiki and discussion functionality on your company’s collaboration platform in lieu of your normal pricing memo.

• Actuarial reports can be multiple documents. Is this the most appropriate format? Need to be clear which documents comprise the report.
• Would the “final” assumptions be clear such that another actuary would be able to reasonably follow? Are the dates clear?
• How would you protect against misuse?
• Would it be clear who the responsible actuary(-ies) are?
Poll #2 – Public Communications

How often do you communicate your work to non-insurance audiences as an Actuary? (e.g. public rate hearing, expert witness, talking to press/media, posting on websites, etc.)

A. Never
B. Less than once a year
C. Occasionally
D. Often
E. Frequently
Case Study #2 – Public Communications

Your pension consulting company manages the DB pension plan for a large organization. Due to a funding shortfall, the contribution rates for employees need to be increased. You are to deliver a report and a presentation to the employees of this company. The presentation will be recorded for employees who cannot attend.

• What considerations should you make?

• What information should you include in your presentation and in your report? Should these differ?

• Could it potentially be misused or misunderstood? How could you mitigate this risk?

• How should you handle questions from the employees?
Poll #3 – International

For which countries / regions do you perform Actuarial Services? (Rank from most to least)

A. Canada
B. United States
C. Latin America
D. Asia
E. Europe
You are a US-based actuary working for a multinational insurance group headquartered in Paris. You are currently responsible for performing valuation work on individual life products for Mexico. This work involves several different financial reporting requirements and accessible by users in different areas of the company.

• Which jurisdiction’s standard of practice applies?
• How would you protect against misuse?
• What if there are conflicts?
Poll #4 – Changing Circumstances

In your opinion, what information required by ASOP 41 is most relevant to an Actuarial Report impacted by COVID-19?

A. Information Date of Report
B. Subsequent Events
C. Responsibility to Other Users
D. Responsibility for Assumptions and Methods
E. Other: Specify in chat box
Questions?
Additional Reading


• Considerations of Professional Standards in International Practice: www.actuary.org/sites/default/files/files/imce/InternationalPractice.pdf