



SPECIAL ISSUE

# A Closer Look at the Disciplinary Process

THIS ISSUE OF THE ACTUARIAL UPDATE is dedicated to discussing how the U.S. actuarial profession investigates complaints, counsels members about good professional practice, and disciplines those few who fail to meet the profession's high standards.

Last month, the Academy's members voted overwhelmingly (1,992–86) to adopt amendments to Article IX of the Academy bylaws governing public discipline. At the same time, several members expressed concern about certain aspects of the amendments.

This issue includes articles by Thomas Levy and Michael Miller that summarize those concerns, and an article by Academy President Lawrence Johansen in response. But there's more. Robert Sturgis, chairperson of the Actuarial Board for Counseling and Discipline (ABCD), clears up some misconceptions about the ABCD. Frank Irish, a vice chairperson of the ABCD, writes about the process the ABCD follows in going about its work. Henry Knowlton, the Academy's vice president for professionalism, details the specific development of the most recent bylaw amendments. And Daniel McCarthy, the Academy's president-elect, gives a preview of the work of a new task force formed with rep-



representatives of all five U.S.-based actuarial organizations to review the operations of the ABCD.

"We hope this issue of the Update will address any outstanding questions about the disciplinary process," said Johansen. "But we also hope it will encourage discussion among the Academy's members to ensure that the U.S. counseling and disciplinary processes continue to appropriately meet the needs of the profession and to serve it well." ▲

## Inside

### Balancing Act

The ABCD offers both counseling and discipline . . . . . PAGE 2

### Point-Counterpoint

Larry Johansen responds to questions about recent bylaw amendments on public discipline . . . . . PAGE 5

### How Do They Do That?

A step-by-step guide to the bylaw amendment process . . . . . PAGE 6

### A Firsthand View

Understanding what the ABCD does . . . . . PAGE 6

# Task Force Formed to Review the ABCD's Operations

BY DANIEL J. MCCARTHY

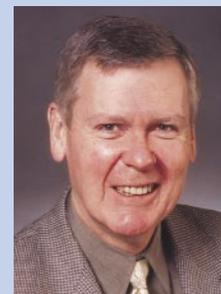
**A**BOUT 70 PERCENT OF ACTUARIES WHO ARE MEMBERS OF one of the five U.S.-based actuarial organizations (the Academy, the American Society of Pension Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries) belong to two or more of these organizations.

Recognizing the growth of the actuarial profession and the importance of professional discipline, these five U.S.-based organizations joined together in 1992 to form the ABCD. In doing so, the organizations said, in effect:

- ▶ We will each make our own decisions about disciplinary actions, but
- ▶ It makes sense to have a single body (the ABCD) to conduct investigations and to provide counseling, mediation, and related functions.

Bob Sturgis' article summarizes the charge of the ABCD (see Page 2). You can also find the charge in the Academy's *Yearbook* (full text starting on Page 54, summary on Page 40) or online at [www.actuary.org/bylaws.htm](http://www.actuary.org/bylaws.htm).

The ABCD is now in its 10th year and it's a good time to review its operations. Why? First, enough time has passed to get a sense of how concepts developed at its inception have played out in their real-life



See **OPERATIONS REVIEW**, Page 2

Actuarial UPDATE



## The Actuarial Update

### EDITORIAL BOARD

Michael Braunstein  
William Carroll  
Ronald Gebhardtbauer  
Rade Musulin  
Peter Perkins  
Adam Reese

### EDITOR

Linda Mallon  
(editor@actuary.org)

### DESIGN AND PRODUCTION

BonoTom Studio, Inc.

### PRODUCTION ASSISTANT

LaShawn Taylor

## American Academy of Actuaries

### PRESIDENT

Lawrence A. Johansen

### PRESIDENT-ELECT

Daniel J. McCarthy

### SECRETARY-TREASURER

James F. Reiskytl

### VICE PRESIDENTS

Henry K. Knowlton  
Barbara J. Lautzenheiser  
Steven G. Lehmann  
Donna C. Novak  
Geoffrey C. Sandler  
James E. Turpin

### EXECUTIVE DIRECTOR

Richard C. Lawson

### DIRECTOR OF COMMUNICATIONS

Noel Card

### ASSISTANT DIRECTOR FOR PUBLICATIONS

Steven Sullivan

### MANAGING EDITOR, NEW MEDIA

Anne Richardson

### EXECUTIVE OFFICE

The American Academy of Actuaries  
1100 Seventeenth Street NW  
Seventh Floor  
Washington, DC 20036  
Phone 202-223-8196  
Fax 202-872-1948  
www.actuary.org

Statements of fact and opinion in this publication, including editorials and letters to the editor, are made on the responsibility of the authors alone and do not necessarily imply or represent the position of the American Academy of Actuaries, the editors, or the members of the Academy.

©2001 The American Academy of Actuaries. All rights reserved.

# Operations Review, continued from Page 1

application (a similar review of the operations of the Actuarial Standards Board was conducted after it had been in operation for about the same period of time).

Second, as Henry Knowlton's article describes (see Page 6), the operating procedures of the ABCD have been changed in response to its early experience, and enough time has passed to assess whether the objectives of those changes have been met.

Third, recent surveys of the members of the profession suggest—as articles in this issue of the *Update* bear out—that some actuaries are uneasy about the ABCD and its processes.

The Council of Presidents, representing all North American actuarial organizations, recently formed a task

force to review the ABCD and asked me to chair it. Representatives from each of the U.S.-based organizations have been selected as task force members. All have been active in the work of actuarial organizations; none has been a member of the ABCD.

Among other things, we will be looking at the roles and management of investigators, the manner in which both complainants and the actuaries who are the subjects of complaints are kept informed of the process, the extent to which members of the profession are informed of the operations of the ABCD (not specific cases, but the overall purpose and process), and even whether the very name of the ABCD serves to confuse, rather than to inform actuaries of its real purposes. The task force

# Striking a Balance Between Counseling and

BY ROBERT STURGIS

**W**HEN IT WAS ESTABLISHED in 1992, the ABCD was charged with:  
▶ Considering all complaints or other information suggesting that actuaries have breached the Code of Professional Conduct.

▶ Counseling actuaries about their professional activities with regard to the code.

▶ Recommending disciplinary action, where appropriate, to the actuarial organization to which an actuary belongs.

▶ Responding to requests for guidance from actuaries.

▶ Mediating disputes between actuaries, or between actuaries and members of the public, concerning the professional conduct of the actuaries.

In view of the strict confidence with which the ABCD conducts its inquiries, it's not surprising that some actuaries are still unfamiliar with the ABCD's charge and don't fully trust the ABCD to carry out its duties in a fair and responsible manner. These strict confidentiality rules, designed to protect the professional reputation of actuaries, are sometimes misinterpreted as allowing tyrannical, secret trials.

In fact, the ABCD has no authority to discipline actuaries. That authority rests exclusively in the membership organizations, including the Academy. The ABCD was established not to punish, but to gather information into a single, consistent record for all of an actuary's membership organizations to consider.

The ABCD is not a court, or even a prosecutor. Rather, it is an investigative body that relies on volun-

teer investigators and board members to collect data and analyze it in light of the profession's code and standards of practice and qualification to determine whether an actuary has complied with the profession's standards or has violated them in some material way. The actuary is involved throughout the entire process.

Nearly all (95 percent) of the cases considered by the ABCD have been resolved privately, without a recommendation of discipline. More than half were dismissed outright. In the remainder, the ABCD recommended pri-

The ABCD believes one of its most important functions is to guide actuaries toward a fuller appreciation of their professional responsibilities by a process that focuses on teaching good practice rather than punishing unintended mistakes.

ivate counseling or guidance to the subject actuary (for more specific statistics on ABCD cases, see the annual professionalism reports at [www.actuary.org/professi.htm#codeprof](http://www.actuary.org/professi.htm#codeprof)).

In the rare case where the ABCD determines that an actuary has materially violated the code, it forwards its factual findings (supported by a voluminous paper record developed through the investigative process) to the actuary's membership organizations along with a recommendation that the actuary be disciplined. It is then up to those organizations to examine the findings and de-

intends, as part of its work, to contrast the discipline process of the actuarial profession with that used in other professions in the United States.

Tom Levy points out in his article (see Page 4) that some of the issues do not relate to the ABCD per se but rather to the handling of ABCD recommendations by each of the actuarial organizations. For that reason, the task force considered whether the review should go beyond the operations of the ABCD and include what each actuarial organization does with an ABCD recommendation when it receives one. We concluded, however, that the operations of the ABCD are a good place to start, without trying to decide now whether any further steps will be needed.

The members of the task force, in addition to myself, are:

- ▶ Phil Ben-Zvi (CAS)
- ▶ Doug Doll (SOA)
- ▶ Carol Sears (ASPA)
- ▶ Steve Steinig (the Academy)
- ▶ Paul Zeisler (CCA).

Once we got started, we'll provide you with specific opportunities to give us your thoughts, and we'll report our findings and recommendations. Ultimately, we hope that the task force's work will be helpful to the ABCD as it moves forward into its next decade of service to the actuarial profession. ▲

*Daniel J. McCarthy is the Academy's president-elect.*

## Discipline

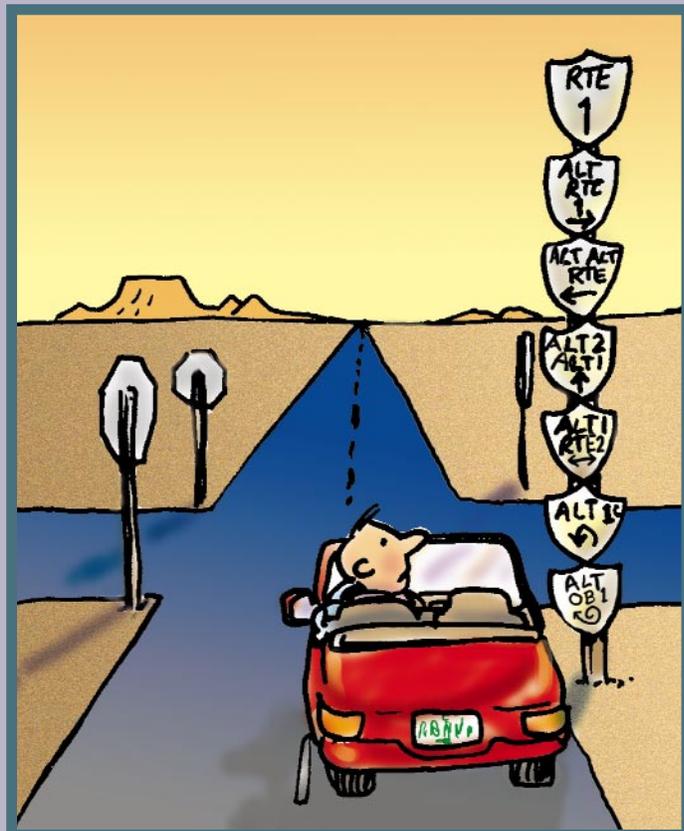


termine what action to take. Although they often follow the recommendations of the ABCD, they sometimes act more leniently, or more harshly. Actions on the same recommendation can and do differ from organization to organization.

The ABCD has also been criticized for being too soft, and some actuaries believe that the ABCD and the membership organizations should come down harder on actuaries who do not fully comply with the code. It might be argued that the discipline process as it is currently implemented is somewhat lenient, leaning toward educating actuaries in better practice rather than punishing them for their past actions. However, the ABCD believes that one of its most important functions is to guide actuaries toward a fuller appreciation of their professional responsibilities. Although discipline is appropriate in some cases, the ABCD believes that individual actuaries, the profession as a whole, and the public are best served by a process that focuses primarily on teaching good practice rather than on punishing unintended mistakes.

Differences of opinion arise between actuaries on nearly every subject, including the activities of the ABCD. The ABCD exists to serve the profession, carrying out its charge in accordance with the bylaws and rules of procedure approved by the profession. The task for striking the proper balance in fulfilling its charge is often difficult, but is always done with integrity and care. Feedback on how we are doing is always welcome. Contact the Academy's staff attorney, Tom Griffin, at 202-223-8196. ▲

*Robert Sturgis is chairperson of the ABCD.*



JOE SUTLIFF

### PUT YOURSELF IN YOUR CLIENT'S SHOES

Are your reports clear and understandable for their intended audience? Under Precept 4, it's your responsibility to make sure they are. Clear reporting keeps your clients (and your business) moving in the right direction.



## Public Discipline Bylaws Are Unfair to Members

BY THOMAS D. LEVY

THE ACADEMY BOARD OF DIRECTORS RECENTLY distributed recommended proposed amendments to the Academy's bylaws regarding public discipline. Those proposed amendments include some important improvements to the discipline process and protections for actuaries who are accused of breaking the Code of Professional Conduct or of some other violation.

However, in two important respects the changes offend due process: in restricting the role of legal counsel and in the composition of appeal panels. The board needs to further amend the bylaws to rectify these shortcomings, neither of which was mentioned in the explanatory memo that accompanied the proposed amendments.

Sections 2C and 3D of the proposed amendments say, in part, "The role of the member's counsel shall be limited to advising the member and articulating appropriate legal objections. . . ." In short, actuaries whose careers and livelihoods are in jeopardy must conduct their

own defense, assisted only by legal counsel whispering in their ear what should be said, asked, or done.

Actuaries should be allowed to choose the best available defense. In most cases, this would mean hiring an attorney experienced in defending professionals charged with misconduct. But the language of the bylaws severely and unfairly restricts that option when an actuary appears before a disciplinary committee or appeal panel.

Under Section 3A2, one of the six members of any appeal panel formed to review a disciplinary action must be the chairperson of the disciplinary committee. Since the parties to any appeal are the actuary facing discipline and the disciplinary committee, it is patently unjust for one side to be represented on an appeal panel and not the other. There is also a serious risk that the chairperson of the disciplinary committee will exercise undue influence on other members of the panel, or make private statements to panel members that the appealing actuary won't hear and can't rebut. Nowhere in our justice system do we find such

See **DISCIPLINE**, Page 8



## Tyranny Behind Closed Doors

BY MICHAEL J. MILLER

THE SIXTH AMENDMENT TO THE U.S. CONSTITUTION guarantees an accused person the right to a public trial, the right to an impartial jury, the right to confront the accuser, and the right to have a lawyer actively assisting in his or her defense.

Ostensibly to protect the accused, the U.S. actuarial profession has rejected each of these Sixth Amendment rights and implemented a secret system of investigation, trial, sentencing, and ultimate disposition.

It will take just one person with the courage to request a waiver of confidentiality, and the certain refusal of that request by the ABCD, to expose this confidentiality for what it truly is—protection for the ABCD rather than protection for the accused. Bias, prejudice, and arbitrariness can flourish only in the dark, and flourish they will.

Support of a meaningful disciplinary process is not equivalent to support of a secret process where new standards and codes of conduct are debated and decided. Actuarial standards of practice (ASOPs) and the Code of Professional Conduct provide general guidelines and are often subject to a variety of reasonable interpretations.

For instance, Precept 2 of the code requires that work be done with care. Is it careless to set a loss reserve that in retrospect turns out to be inadequate? No matter how reasonable the prospective reserve estimate, the ABCD has the power to punish for adverse development, solely on a retrospective basis. And the ABCD can do this without admitting it applied a retrospective test. This inconsistency with published standards could go forever undetected.

Or look at ASOP 9, "Documentation and Disclosure in Property and Casualty Insurance Ratemaking, Loss Reserving, and Valuations," which defines an actuarially sound loss reserve as an estimate derived from reasonable assumptions and methods. In matters where actuaries can have legitimate differences of opinion, the ABCD has the power to decide precisely what it considers to be reasonable.

It is impossible for the ABCD to apply the standards and code of conduct as written, because they are often written too generally. Applying general standards to specific situations effectively creates multiple sets of standards and codes of conduct. The debate within the ABCD as to the meaning of our standards

See **TYRANNY** Page 8

# Discipline: Rare, Reasonable, Necessary, and Not Evil

BY LAWRENCE A. JOHANSEN

THE ISSUES RAISED by Thomas D. Levy and Michael J. Miller reflect a fundamental misunderstanding of the operations of the ABCD and the Academy disciplinary process.

Contrary to their allegations, in the rare instance where an actuary is disciplined by the Academy, the discipline is not a finding of criminal guilt (or even civil liability) by a court. Rather, it is a determination, by the actuary's peers, that the actuary did not meet the standards of conduct, practice, and qualification that the actuarial profession has agreed to uphold. The rules under which courts operate are inappropriate for a private, administrative system such as the Academy's disciplinary process. The analogy to a judicial process is similarly inappropriate.

Under member-approved bylaws establishing the discipline process, ABCD investigations and Academy disciplinary proceedings are conducted on a confidential basis. Nearly all complaints against actuaries are resolved without any public disciplinary action. Confidentiality, which should not be confused with "secrecy," protects an actuary's professional reputation and allows the actuary to benefit from counseling or the dismissal of a complaint without suffering public embarrassment. Those benefits would be lost if all inquiries were conducted publicly.

The bylaws require the ABCD and the Academy to keep investigations and disciplinary proceedings confidential. However, the bylaws do not prohibit an actuary from publicizing those proceedings, as Mr. Miller incorrectly suggests. An actuary who disagrees with the way an ABCD inquiry was handled is free to discuss the matter as publicly as he or she believes appropriate. Most actuaries who are the subject of such an inquiry prefer to keep the matter confidential, but nothing prevents an actuary from publicizing the fact of an inquiry or criticizing its outcome.

When seeking to resolve a complaint against an actuary, particularly in cases involving technical application of actuarial science, it is essential for the ABCD and the Academy's disciplinary committee to speak directly with the actuary to gain an understanding of what the actuary did and why. For this reason, it is beneficial to limit the role of counsel to both parties to advising their clients and articulating appropriate legal objections. This gives the actuary the benefit of legal advice and preserves due process while preventing the proceeding from becoming a legalistic battle between a "prosecutor" and a "defense attorney."

These same limitations on the role of counsel to both parties were overwhelmingly adopted by the members two years ago for the ABCD and have not created adverse consequences for members. Counsel for the ABCD and the Academy do not and will not serve as prosecutors. The Academy does not and will not prosecute its members. The Academy's discipline process exists only to assure that members continue to adhere to the high standards of the profession.

Most disturbingly, both Mr. Levy and Mr. Miller presume that the ABCD and the Academy are predisposed to punish the actuary, and that the processes have been designed to facilitate that outcome. This presumption underlies Mr. Levy's objection to including the chairperson of an Academy disciplinary committee on the appeal panel. The purpose of putting the disciplinary committee chairperson on the appeal panel is to provide assistance to the appeal panel as it familiarizes itself with what is often a voluminous and complex paper record. It is not to encourage the disciplinary committee chairperson to "exercise undue influence," as Mr. Levy suggests. In fact, there may have been a greater risk of "undue influence" under the prior bylaws, which required the entire disciplinary committee to participate in the board appeal.



I have served on three Academy disciplinary committees and was chairperson of two of those committees. Additionally, I served on the Academy board during the only two discipline appeals that were ever brought to the board. I speak from personal experience and assure members that neither the ABCD nor the Academy is eager to punish actuaries.

The ABCD recommendations I have reviewed were reasonable, temperate, and well supported by the facts. Contrary to Mr. Miller's allegations, I have seen no evidence that the ABCD applies the profession's standards in an unreasonable, retrospective, or arbitrary way. The disciplinary committees on which I have served devoted considerable time and thought to each case, and gave the actuaries in question every reasonable opportunity to explain their actions. If anything, the process errs on the side of remediation, preferring to educate actuaries through confidential counseling rather than publicly disciplining them.

Any discipline process would be unfair or harmful if operated with the animosity and prejudice that Mr. Levy and Mr. Miller apparently fear exists. However, the very infrequency with which Academy members are disciplined proves that their fears are unfounded.

The actuarial profession occupies a unique position of public trust. If we are to retain our collective credibility, we must have a process for dealing with those rare situations where an actuary fails to practice in accordance with the standards of our profession. The Academy board and I welcome members' thoughts on how best to design and implement such a process. However, the Academy cannot and will not permit individuals' unsubstantiated anxieties to prevent the Academy from fulfilling its obligations to the public and its members through the appropriate use of its disciplinary process. ▲

*Lawrence A. Johansen is the Academy's president.*

# Unwrapping the Package: How Bylaw Amendments Are Developed

BY HENRY K. KNOWLTON

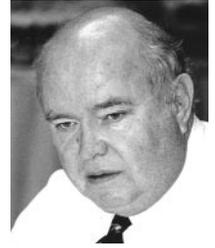
**W**hen members receive a proposed amendment to the Academy's bylaws, the proposal comes in a tidy package of documents. Looking at that neat stack, a member might not recognize the hours of hard work and discussion that go into developing an amendment.

Amendments are initiated when the existing bylaws no longer meet the needs of the Academy and its members. For example, in early 1996 the ABCD concluded that its procedures, contained in Article X of the bylaws, needed work. Too many members confused the ABCD's investigative hearings with court proceedings, and the process suffered when attorneys tried to apply judicial rules of procedure and evidence in the context of an ABCD hearing. It was agreed that the process would be better served if procedures were less legalistic, including limiting the role of counsel on both sides, and if the actuary were required to appear at hearings except in

cases of illness or injury.

With assistance from the Academy's legal staff and outside counsel, the ABCD began working on revisions to Article X. More than a year and many drafts later, the ABCD completed its work. Given the sensitivity of the discipline process, the ABCD recommended to the Academy's board that the amendments be exposed for comment before adoption. The exposure draft was reviewed and edited by the Academy's Council on Professionalism, Executive Committee, and Board of Directors. It was not until June 1997, almost 18 months after the ABCD started work, that the Article X exposure draft was released to members for comment.

Three months later, the ABCD had received 90 comment letters. Most of the comments focused on due process issues, often reflecting a mistrust that the ABCD would protect members' rights unless those rights were specifi-



## *A Firsthand View*

# The ABCD at Work

BY FRANK IRISH

**T**HE PROCEEDINGS OF THE ABCD aren't well-publicized, and by their very nature can't be. As a result, actuaries aren't well-informed about the ABCD.

Most actuaries know that the ABCD is in the business of investigating complaints against actuaries, and they know there's a possibility that some kind of disciplinary action will result. But the nature and workings of the board's investigations and actions are poorly understood.

Even less understood, I think, is the ABCD's work answering requests for guidance. I, myself, had little comprehension of this part of the job when I joined the ABCD a year ago. Such requests are almost always from actuaries who have questions about how they should act in particular situations.

An inquiry arising from a complaint takes many hours of the board's time, in addition to the time spent by actuaries who have been appointed by the board to investigate. Because of procedural safeguards designed to elicit the truth while protecting due process, complaint inquiries proceed slowly—often taking two years from beginning to end.

But requests for guidance are not subject to the same process. Most responses are provided in a few days or weeks. Typically an ABCD member familiar with the subject matter is given responsi-

bility for answering a query. Although he or she may consult with others on the board, the ABCD generally takes no position on the response as a whole. However, actuaries seeking an opinion by vote of the full board can request it. In this way, the ABCD is able to offer guidance that is both thorough and timely.

### Keeping Quiet About the Work

Whether handling requests for guidance or disciplinary inquiries, the ABCD places an emphasis on confidentiality. Board members respect the fact that much of the ABCD's effectiveness depends on keeping its actions quiet. In fact, the Academy's bylaws require it—to the point where any public communication is phrased in ways that make it impossible to guess the identity of the parties involved.

However necessary, such high expectations of confidentiality can be irritating. For one thing, the cases are often fascinating, offering both technical depth and human stories of great interest. It's frustrating to be unable to discuss these cases with friends or family. Of course, complaint investigations yield the most dramatic situations. Requests for guidance are usually more down-to-earth, involving an actuary who simply wants to know the right thing to do. But even there, confidentiality is still the rule.



cally spelled out in the bylaws. To reassure members, the ABCD agreed to include a bill of rights in Article X.

After several more sessions, the ABCD had a revised set of proposed amendments to Article X, as well as an exposure draft of conforming changes to its procedural rules. Again, the Academy's leadership vetted the amendments before they were sent to the membership for a vote. The revised procedural rules were exposed for comment at the same time.

In November 1998, the membership voted overwhelmingly in favor of the amendments to Article X. The process took nearly two years and involved input from more than 140 people.

Two years later, it became apparent that Article IX of the bylaws, which sets the Academy's procedures for handling recommendations for discipline, also needed revision. Under the bylaws, the entire board heard disciplinary appeals. But because of possible conflicts of interest, it was often difficult to get a quorum. Working with the Academy's counsel, members of the Academy's Committee on Professional Responsibility considered various approaches and ultimately recommended that appeals be referred to a board subcommittee. Various other amendments were also suggested, including delaying publicizing a disciplinary action until after an appeal had been completed; limiting the role of counsel in

a way that was consistent with the ABCD bylaws; and permitting the Academy to accept disciplinary recommendations from foreign actuarial associations with which it has cross-border discipline agreements.

The Professionalism Council discussed these proposals last July, and additional changes were suggested, including a suggestion to widen the pool of disciplinary committee candidates. The committee revised and forwarded the proposed amendments to Academy leadership. After further revision, the amendments were released to the members for a vote.

The Article IX bylaw amendments, like the amendments to Article X, were adopted overwhelmingly by the membership in February. The process took a year and involved some 50 people in the review and development process.

Bylaw amendments are put forward to the membership only after extensive consideration and discussion by the Academy's leadership (which includes the presidents and presidents-elect of the other four U.S.-based actuarial organizations). Most important, they are adopted in a membership vote, ensuring that the Academy will continue to be governed under rules approved by its members. ▲

*Henry K. Knowlton is the Academy's vice president for professionalism issues.*

*It was agreed that the process would be better served if procedures were less legalistic.*

Unfortunately, the need for confidentiality hampers our efforts to increase understanding of the ABCD's function. It's not our wish to keep people in the dark about the ABCD. In fact, to counter misperceptions, we are presenting dramatized mock ABCD hearings at actuarial meetings around the country and are working to improve ABCD activity reports we submit to the boards of all the major actuarial organizations. Going further, the ABCD is considering compiling case studies, loosely based on actual cases, if it can be done in a way that preserves confidentiality.

### Responding to Requests for Guidance

It is our hope that these efforts will increase requests for guidance. The ABCD currently responds to about 30 such requests a year—more than half of its total annual caseload. But we could easily handle more. ABCD members like dealing with guidance requests because they give us a chance to work informally with an actuary who has come to us with a problem to solve.

I think the volume of requests for guidance is comparatively low because actuaries tend to want to be their own arbiters when it comes to applying codes and standards to their work. And, indeed, actuaries are able people. Most expect they can figure out the right thing to do when faced with difficult business questions. They might well ask who else is better qualified to understand the complexities and demands of the problems they face daily.

But in the face of pressures from employers and clients, knowledge and good intentions are not always enough. Without a countervailing force to support a desire to do the right thing, it can be difficult to resist the temptation of simply doing what makes the

job go well, or makes a client or boss happy with the outcome.

Many actuaries do resist such pressures even if it means putting themselves in a difficult and lonely position. They are a great credit to the profession. But knowing that there is an established and confidential process for guidance can help.

This support is one of the benefits of belonging to a well-organized profession. The profession's written codes and standards give actuaries something more substantial to point to than their own feelings when pressured about their actions. And this support lessens the chance that a client or employer will say, "Let's go out and find an actuary who will give us the answer we want."

The ABCD is composed of actuaries who represent, as much as possible, different practice areas. That way, actuaries who communicate with the board can expect a response from someone with experience in the technical aspects of a particular problem.

That breadth of experience also allows us to bring many perspectives to the table when the board acts as a whole. Understandably, board members often feel uncomfortable when faced with difficult matters to decide. Long experience in actuarial work is of value, although it doesn't always make the decisions easier. But we know we're protecting the standing of the profession when we help actuaries do their jobs in a professional manner and discipline those whose actions are unprofessional. As we work impartially to apply the Code of Professional Conduct and the Actuarial Standards of Practice, we believe we are doing our part to ensure that actuarial work is a profession, not just an occupation. ▲

*Frank Irish is a vice chairperson of the ABCD.*

## MARCH

- 6 Contingencies Editorial Advisory Board meeting, Washington
- 15-16 ASB meeting, Washington
- 18-21 Enrolled Actuaries meeting, Washington
- 21 Life Practice Council meeting, Nashville
- 24-28 NAIC spring national meeting, Nashville
- 27 Committee on Professional Responsibility meeting, Washington
- 28 CAS leadership meeting, Philadelphia
- 28 Casualty Practice Council meeting, Philadelphia

## APRIL

- 2 Committee on Life Insurance Financial Reporting meeting, New York
- 5-7 IAA meeting, Estoril, Portugal
- 10 Executive Committee meeting, Washington
- 11 Council on Professionalism meeting, Washington
- 27 Financial Reporting Council meeting, Orlando
- 29 Pension Practice Council meeting, New Orleans
- 30 Pension Committee meeting, New Orleans

## MAY

- 1 Committee on Qualifications meeting, Washington
- 2 Academy's Washington Forum, Washington
- 3 Board of Directors meeting, Washington
- 6-9 CAS spring meeting, Miami
- 8 Casualty Practice Council meeting, Miami
- 23 Committee on State Life Insurance Issues meeting, Chicago
- 30-June 1 SOA spring meeting (health, pension), Dallas
- 31 Joint Health Practice Council and SOA Health Benefits Systems Practice Advancement Committee meeting, Dallas

## JUNE

- 9-13 NAIC summer national meeting, San Francisco
- 18-19 CIA annual meeting, Toronto
- 20 Joint CIA/SOA meeting, Toronto
- 20-22 SOA spring meeting (financial reporting, product development), Toronto
- 25-26 ASB meeting, Washington

## JULY

- 12-14 Council of Presidents meeting, Banff, Canada
- 22-25 ASPA summer conference, San Francisco

## AUGUST

- 1 President's Advisory Committee meeting, Washington
- 2 Executive Committee meeting, Washington

## SEPTEMBER

- 10-11 Casualty loss reserve seminar, New Orleans
- 13-14 Valuation actuary symposium, Boston
- 17-18 ASB meeting, Washington
- 20 Board of Directors meeting, Boston
- 22-26 NAIC fall national meeting, Boston

**PLANNING AHEAD?**  
Bookmark the complete calendar at [www.actuary.org](http://www.actuary.org).

## Discipline, continued from Page 4

a serious breach of fair play.

The board should immediately adopt further amendments to eliminate these serious inequities in the discipline process. ▲

*Thomas D. Levy is senior vice president and chief actuary of The Segal Co. and a former secretary-*

*treasurer of the Academy. Among companies and actuaries supporting the views expressed in this article are Paul Zeisler of William M. Mercer; Barry Shemin of John Hancock Mutual Life Insurance; Isadore Jermyn and John Skar of Massachusetts Mutual Life Insurance; and Stanley Talbi of Metropolitan Life Insurance Co.*

## Tyranny, continued from Page 4

has far more impact on working actuaries than the debate that goes on within the Actuarial Standards Board. It is how the standards are actually applied by the ABCD that actuaries need to know and follow in their practice.

How would you feel about being tried by judges who hired the detectives who presented the evidence against you? How would you feel about being tried by judges who were bound neither by the record of evidence nor by specific laws, regulations, or guidelines? These judges can simply do what feels right at the moment and never be held accountable. How would you feel about being tried, but not being allowed to test the competency of your accuser? How would you feel about having your loss reserve opinion judged by a panel, no member of which was qualified to certify a loss reserve? Would such a judgment by the panel violate Precept 3? Who hears the complaint when the entire ABCD violates the Code of Pro-

fessional Conduct? What protection does the accused have when there are conflicts of interest with the detective or the judges?

Should we trust the ABCD to do the right thing? We must not. We simply cannot.

It is dangerous to allow secret trials that yield decisions insulated from public review and unfettered by either specific guidelines or interpretations of our standards and code of conduct. Our secret trial process is a breeding ground for tyranny that must immediately be suspended and revised. Otherwise, it will most certainly destroy the profession we have all worked so hard to build. ▲

*Michael J. Miller is a principal and consulting actuary with Miller, Herbers, Lehmann, & Associates Inc. in Bloomington, Ill.*

## Come to the Forum

Enclosed with this issue of the *Update* is an insert containing complete registration information for the Academy's May 2 Inaugural Washington Forum, "The Impact of the Financial Services Revolution on the Actuarial Profession." Actuaries attending the Forum may earn up to six continuing education credits.

Featured Forum speakers include Jeffrey Birnbaum, Washington bureau chief of *Fortune* magazine, and Rabbi Harold Kushner. The Forum includes the Academy's annual Washington luncheon, where the 2001 Robert J. Myers Public Service Award will be presented. For more details, see the enclosed insert or check out the Academy's website at [www.actuary.org](http://www.actuary.org).

