



# AMERICAN ACADEMY *of* ACTUARIES

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## **Board Asks Members to Approve Academy Bylaw Changes**

At its May 2008 meeting, the Board of Directors of the American Academy of Actuaries approved a number of changes to the Academy's bylaws. The Board concluded that two of the proposed changes were significant enough that Article XV of the bylaws requires confirmation by the membership of the Board's favorable opinion of these changes. The two proposed changes are shown below in redline form, along with a discussion of the Board's reasoning on these matters.

### **Change #1: Article I. Membership**

The Academy recently adopted new Qualification Standards, applicable to all actuaries who are members of one of the U.S.-based actuarial organizations and who issue statements of actuarial opinion (SAOs) in the United States. Those standards include a generally applicable three-year experience requirement before any member actuary can provide any statement of actuarial opinion. The new applicability to SAOs is more broad than the prior standard applicable to PSAOs. The Board believes that the Academy's existing three-year experience requirement for membership therefore has become redundant. In reaching this conclusion, the Board concluded that the Academy's experience requirement can now effectively be governed through the Qualifications Standards.

In addition, the Board felt that it would be advantageous to invite new members of the profession (particularly new associates of the various educational organizations) at the time they are entering the profession to join the Academy upon receipt of their new credentials. The current requirement doesn't allow for this, because a small minority of new associates may not have three full years' experience.

Based on the consideration noted above, the Board recommends that the three-year experience requirement for membership in the Academy (part C of Section 2) be removed from Article I. This change would eliminate the redundancy, and clearly shift the experience requirement to be a precondition for the actuary's work, rather than for membership. Below is the text of Article I. The proposed amendments appear as tracked changes.

### ***Text of Article I, Section 2—Membership***

**Section 2. Admission to Membership.** Any person may apply for membership and shall become a member by meeting the requirements contained in this section.

**A. Application.** Each candidate for admission must submit a written application that shall include such additional information as the Executive Committee may request.

**B. Education.** Each candidate shall have passed or have received credit for the examinations, and/or achieved membership in a non-U.S.-based actuarial organization, as

prescribed from time to time by the Board of Directors, hereinafter called the “Board.”

~~C. Experience.~~ Each candidate must, at the date of application, must have had at least three years of experience in responsible actuarial work. “Responsible actuarial work” is defined as work that has required knowledge and skill in solving practical actuarial problems in any of the following fields: life and health insurance involving individual policies, group insurance, social insurance, pensions, or property and liability insurance.

~~D. C.~~ **Resident Aliens and Nonresidents.** A candidate who is a resident alien or a nonresident of the United States must meet such other requirements as are prescribed by the Board.

~~E. D.~~ **Approval.** Each application shall be acted upon by the Executive Committee. A candidate’s application is approved if accepted by a majority of the whole Executive Committee. If refused for any reason, including a rejection on the basis of evidence of lack of character or professional integrity, the applicant may request review by the Board, pursuant to such procedures as may be adopted by the Board.

## **Change #2: Article VII. Finances and Contracts**

The existing bylaws list very specific classes of members eligible for waiver/exemption from dues, and have done so for many years. Over time, work and life patterns have changed, and are expected to change in the future. As the Board sees the need to add to, subtract from, or otherwise adjust these classes, the current bylaws require a membership vote each time, which is an expensive and cumbersome procedure.

The Board is asking the membership to change how such dues class modifications occur in the future. Under the recommended change, the Board would have discretion to establish or modify those waivers by Board vote. Adoption of this recommendation would not immediately impact the dues status of any members. It would, instead, enhance the organization’s flexibility in granting and modifying dues waivers as professional and demographic patterns change.

Below is the text of Article VII. The proposed amendments appear as tracked changes.

### ***Text of Article VII, Section 1—Finances and Contracts***

**Section 1. Dues.** Except as hereinafter provided, each member shall pay such dues for each calendar year as may be established by the Board. Such dues shall be payable as of January 1 of the calendar year. ~~At the time when dues are payable, any member who has become totally disabled or who, having attained an age to be selected by the Board, and having retired from active work or who has attained age 70, so notifies the Secretary-Treasurer in writing shall be granted exemption from the payment of dues by the Executive Committee. In addition, any member who (a) is expected to earn no significant income for the calendar year from actuarial activities, and (b) is within a class of members eligible for dues waiver as determined by the Board shall be granted exemption from the payment of dues by the Executive Committee.~~ It shall be the duty of the Secretary-Treasurer to cause to be notified by mail any member whose dues may be six months in arrears and to accompany such notice by a copy of this Section. If dues remain

unpaid, such person shall, on the date that falls three months after the date of mailing such notice, cease to be a member of the Academy for all purposes other than with respect to any penalty or other action determined under disciplinary procedures as provided in Article IX, relating to conduct prior to such date. Reinstatement as a member shall be subject to such conditions as the Board may prescribe.

**In Summary** the Board believes that these two changes to the Academy bylaws will 1) open Academy membership to more candidates without affecting qualifications and 2) help streamline and clarify the membership dues process.