

# PROFESSIONALISM AND THE PRACTICING ACTUARY

Actuaries and the Code of Professional Conduct,  
Qualification Standards, Standards of Practice,  
and Counseling and Discipline



---

AMERICAN ACADEMY of ACTUARIES

*Objective. Independent. Effective.™*



AMERICAN ACADEMY of ACTUARIES

*Objective. Independent. Effective.™*

The American Academy of Actuaries is a 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

## VISION

The vision of the American Academy of Actuaries is that financial security systems in the United States be sound and sustainable, and that actuaries be recognized as preeminent experts in risk and financial security.

## MISSION

The American Academy of Actuaries' mission is to serve the public and the United States actuarial profession.

### To accomplish this:

- As the public voice for the United States actuarial profession, the Academy provides independent and objective actuarial information, analysis, and education for the formation of sound public policy;
- The Academy provides for the establishment, maintenance, and enforcement of high professional standards of actuarial qualification, practice, and conduct;
- The Academy advances actuarial practice by informing and educating its members on public policy and professionalism issues and current and emerging practices;
- The Academy identifies and addresses issues on behalf of the public interest on matters in which actuarial science provides a unique understanding;
- The Academy increases the public's understanding and recognition of the value of the actuarial profession;
- The Academy provides opportunities for professional development of its members through volunteerism and service to the profession;
- The Academy facilitates and coordinates response to issues of common interest among the U.S.-based actuarial associations; and
- The Academy coordinates the representation of the U.S. profession globally.

The Academy provides for the establishment, maintenance, and enforcement of high professional standards of actuarial qualification, practice, and conduct.

—from the Mission Statement of the American Academy of Actuaries

## PROFESSIONALISM: THE CORE OF THE ACADEMY'S MISSION

Actuaries embrace a high standard of professional conduct—one that requires a combination of competency, integrity, objectivity, and a commitment to serve the public interest. These traits are appropriate to a self-regulated profession; these traits also are necessary elements to support the application of sound actuarial judgment regardless of practice area, type of employment, or type of employer.

Actuaries and their employers, clients, and the public rely upon the Academy to maintain the profession's integrity, competency, and reputation. Through its boards and committees, and by providing extensive outreach and resources on professionalism, the Academy has worked successfully to advance both actuarial practice and actuarial professionalism.

We invite you, in the pages that follow, to learn more about how the Academy works to fulfill its mission to promote and enforce high professional standards of actuarial qualification, practice, and conduct.

Building a profession requires building an infrastructure that will both support a unified commitment to serve the public and provide the protections necessary to earn the public's trust. To be effective, this requires a web of inter-related standards and institutions that address all aspects of our ethical responsibility to the public. The Academy was created in part to build this infrastructure for the U.S. actuarial profession.

—Tom Wildsmith  
2015–16 Academy President  
Board-Selected Director (2020)

# PROFESSIONALISM STANDARDS

The Academy's purpose transcends any one person or even any point in time. Our history is rich, shaped over decades by thousands of hands. The result of their work transcends the efforts of particular individuals, benefiting thousands of actuaries across the country and literally the entire U.S. population who depend on government programs like Social Security and Medicare, insurance, pension plans, and other financial systems.

—D. Joeff Williams  
2019–20 Academy President

## Code of Professional Conduct

The Code is a single document maintained by the Academy that identifies the professional and ethical standards required of actuaries who are members of the Academy. Effective Jan. 1, 2001, the Code in its current form was also adopted without variation by the Society of Actuaries, the American Society of Pension Professionals and Actuaries (ASPPA College of Pension Actuaries), the Casualty Actuarial Society, and the Conference of Consulting Actuaries.

The adoption of a uniform Code was a professionalism milestone; as early as the late 1950s, the U.S. organizations had started developing and adopting standards of professional conduct and precursors to such standards, including the Guides to Professional Conduct that the Academy issued in December 1965 immediately after its formation. A 1992 precursor to the modern Code issued by the Academy addressed inconsistencies that had developed between the various organizational codes but was not adopted without variation across the organizations.

The Code consists of 14 Precepts and a total of 23 Annotations contained under 11 broad headings. The Precepts identify the professional and ethical standards with which the actuary must comply and the Annotations provide additional explanatory, educational, and advisory material on how the Precepts are to be interpreted and applied.

## U.S. Qualification Standards

Precept 2 of the Code requires that an actuary provide advice or services only when he or she is qualified to do so on the basis of basic and continuing education and experience, and only when the actuary satisfies applicable qualification standards. As the national association in the U.S., it is the Academy that establishes qualification standards for actuaries that practice in this country. The Academy published the U.S. actuarial profession's first qualification standards in October 1981, Qualification Standards to Sign Statements of Actuarial Opinion on NAIC Annual Statement Blanks. These first Qualification Standards consisted of two parts—one addressing education requirements and the other addressing experience requirements. In an effort to consider qualifications across practice areas, in 1982 the Academy consolidated its various qualification committees into a Committee on Qualifications.

Over the years, the U.S. Qualification Standards have been updated and expanded as actuarial specialization, new areas of actuarial practice, regulatory complexities, and advances in actuarial theory and technology have continued to grow.

After extensive review, and following exposure and comment periods, the most recent major revision of the standards took effect on Jan. 1, 2008 (the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, Including Continuing Education Requirements). They included significantly more rigorous continuing education requirements and, for the first time, applied to most practicing actuaries in the United States.

## Educational Webinars on Professionalism Topics

The Academy hosts widely attended quarterly webinars, which offer an economical and convenient way for actuaries to earn necessary professionalism CE credits in an organized format, delivered by the experts. The Academy's webinar presentations undergo rigorous review that other Academy projects and printed communications receive.

In addition to quarterly live affordable webinars that provide "organized" CE credit on current professionalism topics presented by the Academy experts on the topics, Academy members enjoy free and unlimited access to the Council on Professionalism's entire library of professionalism webinars, which date back to September 2007 and number 29 as of mid-2015.

A sample of the webinars include:

- Friday the 13th: More Tales From the Dark Side
- Promoting Ethical Decision-making: Rules, the Human Brain, and Cognitive Biases
- The Anatomy of the ASOPs
- The Code of Professional Conduct: Learning From the Mistakes of Others
- A Guided Tour of the U.S. Qualification Standards
- The Great Assumptions Debate
- Actuary-to-Actuary Communications
- Practical Applications of the Code of Professional Conduct
- Can You Hear Me Now? Actuarial Communications Under ASOP No. 41

Academy members can earn continuing education credits by listening to these recorded webinars. These credits can be counted toward the three hours of continuing education on professionalism topics required annually, as detailed in the U.S. Qualification Standards (Section 2.2). The Joint Board for the Enrollment of Actuaries (JBEA) has also approved the Academy to be a qualifying sponsor of continuing professional education (CPE) programs for enrolled actuaries.

## Actuarial Standards of Practice

Actuarial standards of practice (ASOPs) provide guidance on the techniques, applications, procedures, and methods that reflect the appropriate actuarial practices with which credentialed actuaries must comply in the United States. It is Precept 3 of the Code of Professional Conduct that requires actuaries to satisfy applicable standards of practice whenever providing actuarial services, and in the U.S. those practice standards are ASOPs.

The Academy began issuing standards of practice—initially called recommendations—in 1973. They were supplemented by interpretations. A major advance in the development and management of standards of practice came in 1985 with the creation of the Interim Actuarial Standards Board. That body was the prototype for the permanent Actuarial Standards Board (ASB), which was created in July 1988 after a member vote to amend the Academy bylaws. ASOPs are promulgated by the ASB, which is an Academy body that operates autonomously in its decision-making on the content of standards. It is supported by Academy staff and housed at the Academy. The ASB has the discretion to initiate, develop, and adopt new ASOPs, or update, modify, or repeal existing ASOPs, as needed.

## Applicability Guidelines for Actuarial Standards of Practice

To promote awareness among practicing actuaries of the applicability of different actuarial standards of practice to the various tasks they perform, the Council on Professionalism developed and published Applicability Guidelines to provide actuaries with information as to which ASOPs might (or typically do) apply to them as they perform various actuarial assignments.

In October 2014, the Council on Professionalism released revised Applicability Guidelines, reflecting new and revised ASOPs and available for the first time in Excel, with links to relevant ASOPs. In coordination with Academy public policy practice councils, the Council periodically updates the Applicability Guidelines, as it did recently in April 2018 after the promulgation of ASOP No. 53, *Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Retention*.

# ACADEMY PROFESSIONALISM BODIES

## Professionalism Committees

The Council on Professionalism oversees the Academy's work on professionalism issues. It includes the chairpersons of the:

- Committee on Actuarial Public Service
- Committee on Professional Responsibility
- Committee on Qualifications
- Joint Committee on the Code of Professional Conduct
- Life and Health Qualifications Seminar Committee

The Actuarial Standards Board (ASB) must lead with integrity by following standard-setting procedures that allow the contents of the actuarial standards of practice (ASOPs) to be of unquestionable integrity. A robust and transparent process is necessary to develop ASOPs that serve both the profession and the public.

—Kathy Riley  
2019–20 Chairperson  
Actuarial Standards Board

## Council on Professionalism

The Council on Professionalism encourages actuaries to achieve and maintain a high level of professionalism in their practice.

To facilitate coordination of professionalism activities and issues, the Council invites liaisons from the five U.S.-based actuarial organizations, each of the Academy's practice councils, and the various professionalism committees and boards described below.

The Council's mission is to "foster and reinforce members' desire to maintain professionalism in their daily practice and to provide members with the tools to do so." To that end, the Council, through its committees and liaison activities:

- Maintains the Code of Professional Conduct and Qualification Standards;
- Publishes discussion papers on various aspects of actuarial professionalism;
- Publishes Applicability Guidelines to assist actuaries in applying the Actuarial Standards of Practice to particular professional assignments;
- Develops seminars and webinars on areas of actuarial practice involving significant professionalism content for actuaries practicing in the United States;
- Develops and presents sessions on professionalism topics at actuarial meetings; and
- Works within the Academy to represent the U.S. profession to public policy makers when dealing with professionalism issues.

## Committee on Qualifications

The Committee on Qualifications (COQ) promulgates the U.S. Qualification Standards—with the approval of the Academy Board of Directors—that apply to actuaries practicing in the U.S. credentialed by any of the U.S.-based actuarial organizations. The Committee on Qualifications considers what should be the minimum requirements for actuaries to issue all statements of actuarial opinion, including statutory statements of actuarial opinion. It recommends to the Academy Board of Directors appropriate qualification standards, including continuing education requirements for actuaries, and frequently responds to member questions regarding interpretation of the U.S. Qualification Standards. The COQ regularly updates its FAQ page on the U.S. Qualification Standards to assist members and other interested parties in understanding to whom the U.S. Qualification Standards apply.

## Actuarial Standards Board

The Actuarial Standards Board establishes and improves standards of actuarial practice. These actuarial standards of practice (ASOPs) identify what the actuary should consider, document, and disclose when performing an actuarial assignment. The ASB's goal is to set standards for appropriate practice for the United States.

The process for promulgating or revising an ASOP is deliberative and comprehensive and fully transparent. During this process, the ASB:

1. Reviews and evaluates current and emerging practices;
2. Determines appropriate guidance;
3. Publishes an exposure draft to obtain input from actuaries and other interested parties;
4. Considers all comments received; and
5. Publishes a final standard or another exposure draft.

The ASB is comprised of nine persons representing a broad range of backgrounds and areas of actuarial practice. Each ASB member is appointed to a three-year term, with staggered terms. No board member is permitted to serve more than two consecutive full terms.

Members of the ASB are appointed by a Selection Committee composed of the presidents and presidents-elect of the American Academy of Actuaries, the Casualty Actuarial Society, and the Society of Actuaries. The president of the Academy serves as the chairperson of the Selection Committee, which annually also appoints the chairperson and vice chairpersons of the ASB. ASB members are chosen to be broadly representative of the profession as a whole and not to represent any one constituency or organization's commercial interests.

To keep the profession and the public comprehensively apprised of all its standards setting activities, the ASB publishes the *ASB Boxscore*, its quarterly newsletter, after its meetings. The ASB issues an informative *Annual Report* and presents a webinar annually for the Academy's popular series of professionalism webinars.

### Actuarial Board for Counseling and Discipline

The Actuarial Board for Counseling and Discipline (ABCD) was established in the Academy's bylaws to strengthen members' adherence to the recognized standards of ethical and professional conduct required by the Code.

The Board has two primary functions:

1. It responds to actuaries' requests for guidance on professional issues.
2. It considers complaints about possible violations of the actuarial Code of Professional Conduct, and where warranted, it provides recommendations for disciplinary action to an actuary's membership organizations. The ABCD does not impose discipline; it recommends discipline to the organizations of which actuaries are members.

The ABCD's members also conduct educational outreach efforts, which include making speeches and presentations and writing a regular "Up to Code" article in each issue of the Academy's magazine, *Contingencies*, to help actuaries, regulators, and other stakeholders become more familiar with the ABCD's work and understand current issues of concern the ABCD is in a unique position to observe. Similar to the ASB, the ABCD also issues an informative Annual Report that has a significant amount of information about its work. The ABCD also presents a webinar annually for the Academy's popular series of professionalism webinars.

The ABCD's nine members represent all main areas of actuarial practice. Each of the four primary areas of actuarial practice—casualty, health, life, and pension—is represented by two or more members of the ABCD. The ABCD's members are appointed by a Selection Committee composed of the presidents and presidents-elect of the American Academy of Actuaries, the Casualty Actuarial Society, and the Society of Actuaries and chaired by the Academy president. ABCD members are chosen to be broadly representative of the profession as a whole and not to represent any one constituency or organization's commercial interests.

The Actuarial Board for Counseling and Discipline (ABCD) plays a vital role in the self-regulation of the profession. The Code of Professional Conduct, the standards of practice (ASOPs) promulgated by the Actuarial Standards Board (ASB), and the U.S. Qualification Standards don't operate as a unified infrastructure without a process to make sure that actuaries abide by them.

—David Ogden  
2019–20 Chairperson, Actuarial Board  
for Counseling and Discipline

# RESOURCES

## “Professionalism First”

Launched in 2019, the Academy’s “Professionalism First” initiative brings professionalism to life, showing how it resonates with daily relevance to the U.S. actuarial professional and to external audiences.

The initiative collects, in one easy-to-use hub, several public-facing touchpoints:

- The **Actuary Voices podcast** brings listeners thoughtful conversations on the journey some have taken to becoming an actuary, and the role of professionalism and public policy.
- The “**Professionalism Perspectives**” **blog** offers thoughtful discourses from Academy leadership on professionalism topics.
- **Webinars** and **resources** help members quickly find the professionalism answers they need.

## ‘The Academy and the Web of Professionalism’

In a four-part series in *Contingencies* magazine in 2016 and 2017, then Academy President Tom Wildsmith examined the infrastructure of actuarial professionalism and how the Academy is instrumental in supporting that infrastructure and the U.S. actuarial profession. Wildsmith terms this infrastructure a “web of professionalism,” and the series explores how the Academy developed these foundational documents and bodies to provide the professionalism framework for the profession.

The series was redesigned as a standalone publication, and it continues to resonate with readers—members and nonmembers alike—as an eminently accessible introduction to how the Academy works to maintain the essential professionalism framework the profession relies upon.

## Attestation Form

The Academy in 2016 launched the U.S. Qualification Standards Attestation Form, which was developed to help regulators and others who rely on the work of actuaries by giving actuaries a tool to voluntarily demonstrate how they meet the U.S. Qualification Standards (USQS) specific requirements for signing any statement of actuarial opinion (SAO), including the specific NAIC annual life, health, and property & casualty SAOs.

The public trust in our professionalism is paramount, and the Academy develops and promotes the use of tools—like TRACE and the USQS Attestation Form—as a continuing step in the Academy’s ongoing mission of ensuring actuarial professionalism.

—Mary D. Miller  
2014–15 Academy President  
2019 Jarvis Farley Service Award  
recipient



Since its founding in 1965, the American Academy of Actuaries has focused both on providing an actuarial perspective on public policy issues infused with professionalism and ensuring that our volunteers are cognizant of any potential conflicts of interest in their work for the Academy, and that they adhere to detailed standards of practice and embrace a professional code of conduct and discipline based on integrity, trust, and honest communications.

Every member of the profession, therefore, is invested in the success of the Academy.

## PROFESSIONALISM TIMELINE

- 1965 American Academy of Actuaries founded
- 1973 First standards of practice issued
- 1981 U.S. Qualification Standards first established
- 1985 Interim Actuarial Standards Board formed
- 1988 Actuarial Standards Board established
- 1991 Academy elects first Vice President for Professionalism
- 1992 Actuarial Board for Counseling and Discipline established
- 1992 Code of Professional Conduct first takes effect
- 1992 Academy Council on Professionalism founded
- 1998 U.S. Qualification Standards revised
- 2000 First Life and Health Qualifications seminar conducted
- 2001 Revised Code of Professional Conduct takes effect
- 2007 Professionalism webinar series launched
- 2008 Revised Qualification Standards take effect
- 2011 Academy Conflict of Interest discussion paper published
- 2011 Academy begins requiring volunteers to attest to their compliance with continuing education requirements and the Academy's Conflict of Interest policy
- 2015 ASB's enhanced, mobile-friendly website debuts
- 2015 An interactive learning platform, the Actuarial eLearning Center, is launched
- 2016 Academy launches U.S. Qualification Standards Attestation Form
- 2016 Committee on Professional Responsibility releases *Considerations of Professional Standards in International Practice*
- 2017 *The Academy and the Web of Professionalism* released
- 2018 Applicability Guidelines were updated to reflect recent ASOP changes
- 2019 Academy launches "Professionalism First" initiative

# ABOUT THE ACADEMY

The American Academy of Actuaries is a D.C.-based 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. Academy members include consultants, corporate executives and staff, regulators, government officials, academicians, and retired actuaries. Their areas of practice cover pensions, life insurance, casualty insurance, health insurance, financial reporting, risk management, and more.

The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries credentialed by one or more of the five U.S.-based actuarial organizations.

Many of today's most pressing public policy issues require the sound application of actuarial principles. The Academy provides actuarial expertise and advice to public policy decision-makers on a wide array of issues that require the special set of skills and qualifications that actuaries offer.

From the halls of Congress and state capitols to regulatory and professional bodies such as the NAIC, FASB...the Academy represents the interests of all U.S. actuaries. As a member of the Academy, you are demonstrating a personal commitment to responsible actuarial practice, professionalism, and sound public policy.

—Daniel J. McCarthy  
Academy President, 2001–2002  
Posthumous winner of the Jarvis Farley Service Award, 2010

## PROFESSIONALISM LINKS

**American Academy of Actuaries**

<http://www.actuary.org/>

**Academy's Professionalism Resources**

<https://www.actuary.org/content/professionalism>

**"Professionalism First"**

<http://professionalism.actuary.org>

**Council on Professionalism**

<http://actuary.org/content/council-professionalism-committees>

**Actuarial Standards Board**

<http://www.actuarialstandardsboard.org/>

**Actuarial Board for Counseling and Discipline**

<http://www.abcdboard.org/>

**Code of Professional Conduct**

<http://actuary.org/content/code-professional-conduct>

**Qualification Standards**

<http://www.actuary.org/content/us-qualification-standards>

**Actuarial Standards of Practice**

<http://www.actuarialstandardsboard.org/standards-of-practice/>

***The Academy and the Web of Professionalism***

<http://www.actuarialstandardsboard.org/standards-of-practice/>

**Applicability Guidelines for Actuarial Standards of Practice**

<http://www.actuary.org/content/applicability-guidelines-actuarial-standards-practice-0>

**Academy Vision and Mission**

<http://actuary.org/content/vision-mission>

**U.S. Qualification Standards Attestation Form**

<http://attest.actuary.org>



---

AMERICAN ACADEMY *of* ACTUARIES

---

*Objective. Independent. Effective.™*

1850 M Street NW, Suite 300  
Washington, DC 20036

202-223-8196 | 202-872-1948 (fax)  
membership@actuary.org

**[www.actuary.org](http://www.actuary.org)**