



AMERICAN ACADEMY of ACTUARIES

*Objective. Independent. Effective.™*

## PROFESSIONALISM FOR U.S. ACTUARIES

### An Outline of Concepts and Structure

**NOTE:** All documents referred to in this outline can be found on the Academy’s website, [www.actuary.org](http://www.actuary.org). Specific directions are given to guide you to each document.

1. **Code of Professional Conduct** The Code of Professional Conduct (“**Code**”) is the source of all of the professionalism concepts. It has been adopted by all of the five U. S. -based actuarial organizations. Click on **CODE OF CONDUCT** on the right side of the home page, and then click on **CODE OF PROFESSIONAL CONDUCT**. **Please review the Code.** Note in particular the following:
  - a. **Precept 1**, regarding **Professional Integrity**, is one of the Code provisions that cover not only actuarial work, but also all aspects of an actuary’s behavior;
  - b. **Precept 2**, regarding qualification standards, is often called the ‘**Look in the Mirror**’ precept (see further discussion under (2) below);
  - c. **Precept 3**, regarding **Actuarial Standards of Practice**, is the link to that subject (see further discussion under (3) below);
  - d. **Precepts 4-6**, regarding **Communications and Disclosure**, is a key to assuring, as best as possible, that the users of an actuary’s work understand the work and the context in which it was performed;
  - e. **Precept 7** discusses **Conflict of Interest**, which is important not only professionally, but also in terms of potential legal liability;
  - f. **Precepts 8-12** cover various aspects of an actuary’s behavior; and
  - g. **Precepts 13 and 14** are about **Violations of the Code** (see further discussion under (4) below).
  
2. **United States Qualification Standards** The qualification standards, issued by the Academy, are – by virtue of Precept 2 of the **Code** – binding on members of all of the U.S.-based actuarial organizations that adopted the Code. These standards describe the qualifications that you must have – in addition to the general guidance of Precept 2 of the Code – in order to issue Statements of Actuarial Opinion. The Academy Board of Directors in October 2021 approved revisions to the Qualification Standards which become effective on January 1, 2022. Please review pages 1 – 10 of this revised document located at [https://www.actuary.org/sites/default/files/2021-11/USQS\\_2021.pdf](https://www.actuary.org/sites/default/files/2021-11/USQS_2021.pdf).

The qualification standards have been expanded to apply to all actuaries who issue a “**Statement of Actuarial Opinion**” in the United States, defined as “an opinion expressed by an actuary in the course of performing Actuarial Services and intended by that actuary to be relied upon by the person or organization to which the opinion is addressed.” “Actuarial Services” are defined in the Code as “Professional services provided to a

Principal (client or employer) by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations.”

To satisfy the qualification standards, issuers of an SAO must meet the requirements as to:

- a. **Basic Education and Experience;** and
- b. **Continuing Education**

The document contains a lot of specific information to which you may wish to refer from time to time; the key concept at this point is to know that the standards **exist**, understand the general structure of the qualification standards, recognize that they **may apply to you** now or at some point in the future, and that they are organized around the two basic concepts set forth above.

3. **Actuarial Standards of Practice (ASOPs)** The Actuarial Standards of Practice contain guidance that binds actuaries in conducting many types of work that actuaries do. To reach the ASOPs, click on the **ASB logo** on the top right side of the Academy home page, and then click on the **Standards of Practice** dropdown menu at the top of the page. Then click on **CURRENT STANDARDS (ASOPs)**.

Please review pages 1-8 of ASOP 1, **Introductory Actuarial Standard of Practice**, which is an excellent guide to the concepts underlying the ASOPs. It also describes the **Actuarial Standards Board (ASB)**, which issues the ASOPs.

Some of the ASOPs are applicable to many types of actuarial work. For example, **ASOP 23 (Data Quality)** is almost universal in its applicability. Please review ASOP 23, noting in particular the actuary’s obligations with respect to data supplied by others. Similarly, **ASOP 21 (Responding to or Assisting Auditors . . .)** has broad application, as does **ASOP 41 (Actuarial Communications)**. Please review each of these ASOPs. Note that when ASOPs are published, the ASB describes the comments received on exposure drafts and the actions that the ASB took with respect to the comments. These are NOT part of the Actuarial Standards of Practice; you are welcome to review them, but are not required to do so.

Most of the ASOPs relate to specific aspects of actuarial work. To get a sense of the ASOPs that are most likely to be applicable to the kinds of work you do, please go to the **Applicability Guidelines** located at <http://www.actuary.org/content/applicability-guidelines-actuarial-standards-practice-0> and download the Excel file from the link at the bottom of the page. Please briefly review the Applicability Guidelines for your area of practice to get a sense of the ASOPs with which you will, over time, want to become especially familiar.

The Actuarial Standards Board issues new or revised ASOPs from time to time. Such new or revised ASOPs are always preceded by **Exposure Drafts**. We encourage you to review and comment on those in which you have an interest.

4. **Actuarial Board for Counseling and Discipline (ABCD)** You should be aware of the existence and purposes of the Actuarial Board for Counseling and Discipline. To improve your understanding of these topics, please click on the **ABOUT US** tab at the top left of the home page, then on **POLICIES AND BYLAWS** (scroll to the bottom of the screen),

then on **ACADEMY BYLAWS**, then scroll to **Article X**. Please review the five purposes of the ABCD. Also please click on the ABCD logo on the right side of the Academy home page to be directed to the ABCD website where you may learn more details about the ABCD by clicking on “About Us” on the ABCD home page.

All of the five U. S. -based actuarial organizations have designated the ABCD to perform the functions as described in **Article X** of the Academy bylaws. The ABCD investigates complaints (i.e., contentions that an actuary violated the Code in some way) and either:

- a. **Dismisses** the charges, or
- b. **Counsels** the actuary who was complained about (in situations that are not deemed significant enough for formal disciplinary action), or
- c. **Recommends** that the actuarial organization(s) of which the actuary is a member, consider disciplinary action, in which case the ABCD provides its complete file to the organization(s).

The ABCD also responds to requests for guidance from members who have a question about how the Code applies in a specific situation in which they find themselves. You may wish to review the ABCD’s most recent **Annual Report** (click on the **ABCD** logo on the right side of the home page, then on **PUBLICATIONS** on the right of the menu at the top of the page, then on **ANNUAL REPORTS**) to get a better understanding of its activities, including the predominance of requests for guidance in matters that it typically considers.

You may wish to review the balance of **Article X** of the Academy bylaws and the ABCD’s procedures, which are designed to protect the rights of members.