

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](#).

Code of Professional Conduct (Code)

The [Code of Professional Conduct](#) is the source of all of the professionalism concepts. It has been adopted by all of the five U. S.-based actuarial organizations.

Please review the Code. Note in particular the following:

- a. **Precept 1**, regarding **Professional Integrity**, covers 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 "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (USQS)" below);
- c. **Precept 3**, regarding **Actuarial Standards of Practice**, is the link to that subject (see further discussion under "Actuarial Standards of Practice (ASOPs)" below);
- d. **Precepts 4-6**, regarding **Communications and Disclosure**, is a key to assuring 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 legalliability;
- f. **Precepts 8-12** cover **Control of Work Product, Confidentiality, Courtesy and Cooperation, Advertising, and Titles and Designations**; and
- g. **Precepts 13 and 14** are about **Violations of the Code** (see further discussion under "Actuarial Board for Counseling and Discipline (ABCD)" below).

Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (USQS)

The [USQS](#), 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 have adopted the Code. These standards describe the qualifications that you must have—in addition to the general guidance of Precept 2 of the Code—to issue statements of actuarial opinion. The Academy Board of Directors in October 2021 approved revisions to the USQS that took effect January 1, 2022, for statements of actuarial opinion issued on or after January 1, 2023. Please review the 2022 [USQS](#).

The qualification standards apply to all actuaries who issue a “**Statement of Actuarial Opinion**” in the United States, defined as “an opinion expressed by an actuary who is subject to the Code of Professional Conduct by virtue of membership in a U.S.-based actuarial organization, where such opinion is expressed 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 a statement of actuarial opinion must meet the requirements with regard to:

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

The USQS 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 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.

Actuarial Standards of Practice (ASOPs)

The [actuarial standards of practice](#) contain guidance that binds actuaries in conducting many types of work that actuaries do.

Please review sections 1-4, as well as appendix 1 of [ASOP No. 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 No. 23, *Data Quality*](#), [ASOP No. 41, *Actuarial Communications*](#), and [ASOP No. 56, *Modeling*](#), are almost universal in their applicability. Please review ASOP No. 23, noting in particular the actuary's obligations with respect to data supplied by others. Similarly, [ASOP No. 21, *Responding to or Assisting Auditors or Examiners in Connection with Financial Audits, Financial Reviews, and Financial Examinations*](#), has broad application. 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 apply to the work you do, please go to the [Applicability Guidelines](#) 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.

Actuarial Board for Counseling and Discipline (ABCD)

You should be aware of the existence and purposes of the ABCD. To improve your understanding of these topics, please read **Article X** of the [Academy bylaws](#). Please review the five purposes of the ABCD. You may learn more details about the ABCD on the [ABCD website](#).

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](#) to get a better understanding of its activities, including the topics often covered in requests for guidance.

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.



1850 M STREET NW, SUITE 300, WASHINGTON, D.C. 20036
202-223-8196 | [ACTUARY.ORG](#)