

# The Actuarial Discipline Process: Before and After

After a review of the actuarial profession's current discipline procedures, it was concluded that changes could improve the efficiency of the process and provide for greater consistency of discipline outcomes.

To illustrate how the proposed changes will streamline the process, the hypothetical example below follows a discipline case through the current process and the revised process.

For purposes of this example, the Subject Actuary is practicing in the United States and is a member of three actuarial organizations: Casualty Actuarial Society (CAS), American Academy of Actuaries (Academy), and the Conference of Consulting Actuaries (CCA).

## Before – The Current Process

### Complaints and Referrals

A complaint of a violation of the Code of Professional Conduct is referred to the Actuarial Board for Counseling and Discipline (ABCD).

### Review and Investigation Process

The ABCD reviews the complaint and decides that the complaint has merit. The ABCD engages an investigator to investigate the complaint and prepare a report on the findings.

After reviewing the investigator's report, the ABCD agrees the complaint should move forward and recommends a fact finding hearing with the investigator and Subject Actuary.

Following the fact finding hearing, the ABCD decides to recommend discipline. The ABCD prepares a report recommending discipline and sends the report and the transcript of the hearing to the three organizations of which the Subject Actuary is a member.

### Disciplinary Panels

Upon receipt of a disciplinary recommendation, each of the three organizations of which the Subject Actuary is a member initiates its internal discipline procedures.

In the CAS, the matter is referred to its standing Discipline Committee, which schedules a hearing and appoints a discipline panel from among its members for this case.

In the Academy, the matter is referred to a Disciplinary Committee selected for this particular case by the Academy President, which schedules a hearing.

In the CCA, the matter is referred to a Disciplinary Committee selected for this particular case by the CCA President, which schedules a hearing.

### Disciplinary Hearings

In the CAS, a disciplinary hearing is held under procedures established by the CAS. The Subject Actuary may appear at the hearing.

In the Academy, a disciplinary hearing is held under procedures established by the Academy. The Subject Actuary may appear at the hearing.

In the CCA, a disciplinary hearing is held under procedures established by the CCA. The Subject Actuary may appear at the hearing.

## After – The Revised Process

### Complaints and Referrals

A complaint of a violation of the Code of Professional Conduct is referred to the Actuarial Board for Counseling and Discipline (ABCD). *[Same as current process.]*

### Review and Investigation Process

The ABCD reviews the complaint and decides that the complaint has merit. The ABCD engages an investigator to investigate the complaint and prepare a report on the findings. *[Same as current process.]*

After reviewing the investigator's report, the ABCD agrees the complaint should move forward and recommends a fact finding hearing with the investigator and subject actuary. *[Same as current process.]*

Following the fact finding hearing, the ABCD decides to recommend discipline. The ABCD prepares a report recommending discipline and sends the report and the transcript of the hearing to the three organizations of which the Subject Actuary is a member. Each of the organizations then forwards the package to the Joint Discipline Council, which is comprised of the presidents and presidents-elect of the organizations.

### Disciplinary Panel

Upon receipt of a disciplinary recommendation, the Joint Discipline Council appoints a Disciplinary Panel. The Disciplinary Panel will have a majority of members in each of the participating organizations of which the Subject Actuary is a member.

This may be achieved by appointing one or more panelists who have membership in two or more of the member's participating organizations.

*Note: In the revised process, one representative Disciplinary Panel replaces the three separate panels that are currently required in this example.*

### Disciplinary Hearing

The Disciplinary Panel holds a hearing to consider the matter under the joint discipline provisions. The Subject Actuary may appear at the hearing.

*Note: In the revised process, one disciplinary hearing replaces the three separate hearings that are currently required in this example.*

## **Before – The Current Process (continued)**

### **Disciplinary Panel Decisions**

The CAS discipline panel decides that the Subject Actuary should be publicly reprimanded.

The Academy discipline committee decides that the Subject Actuary should be privately reprimanded.

The CCA discipline committee decides that the Subject Actuary should be suspended from the organization for one year.

### **Appeal of Disciplinary Panel Decisions**

The Subject Actuary notifies the CAS that its decision will be appealed, initiating the CAS appeals process.

The Subject Actuary notifies the Academy that its decision will not be appealed.

The Subject Actuary notifies the CCA that its decision will be appealed, initiating the CCA appeals process.

### **Appeal Hearing and Decisions**

In the CAS, an appeals panel meets to review the written record and the panel affirms the decision reached by the discipline panel. The appeals panel decision shall be final.

In the CCA, the appeal is to the CCA Board of Directors that reviews the written record and affirms the decision reached by the discipline committee. The Board decision shall be final.

### **Penalty Implementation**

The CAS prepares a public statement of reprimand that is announced according to CAS procedures.

The Academy discipline committee drafts and sends to the Subject Actuary a private reprimand.

The CCA Board of Directors prepares a notice of suspension to the Subject Actuary. This notice is distributed as determined by CCA procedures.

## **After – The Revised Process (continued)**

### **Disciplinary Panel Decision**

The Disciplinary Panel decides that the Subject Actuary should be publicly reprimanded.

*Note: The revised process avoids the situation in which separate disciplinary panels decide on different levels of discipline for the same offense.*

### **Appeal of Disciplinary Panel Decision**

The Subject Actuary notifies the Joint Discipline Council that the Disciplinary Panel decision will be appealed, initiating the appeals process.

The grounds for the appeal must be stated, which are limited to a purported procedural error or presentation of new evidence that was not reasonably available earlier in the case.

### **Appeal Hearing and Decision**

An Appeal Panel is formed by the Joint Discipline Council that meets the same selection criteria as set forth for Disciplinary Panels. The Appeal Panel holds a hearing and affirms the decision reached by the Disciplinary Panel. The Appeal Panel decision shall be final.

*Note: In the revised process, one appeal process replaces the two separate appeals that are currently required in this example.*

### **Penalty Implementation**

The decision of the Appeal Panel to affirm the Disciplinary Panel decision of public reprimand is communicated to the Disciplinary Panel and the ABCD. The Disciplinary Panel prepares the appropriate reprimand in consultation with the ABCD. This is then sent to the CAS, Academy, and CCA and distributed according to each organization's procedures.

*Note: The revised process avoids the situation in which separate disciplinary penalties are implemented for the same offense.*

This example is not intended to be reflective of the outcome of any case that has actually occurred. It is provided for illustrative purposes only to outline how the proposed changes to the discipline process increase efficiencies and provide for a consistent discipline decision for a Subject Actuary who is a member of multiple actuarial organizations. It is not intended to be comprehensive in describing every possible permutation of a discipline case nor is it provided to outline each detailed step in the process. For more information on the proposed changes to the discipline process, please see the Q&A-Joint Discipline Proposal.