

# HISTORICAL NOTES

ON THE FOUNDATION OF THE  
AMERICAN ACADEMY OF ACTUARIES



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AMERICAN ACADEMY *of* ACTUARIES

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COMPILED BY

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1986

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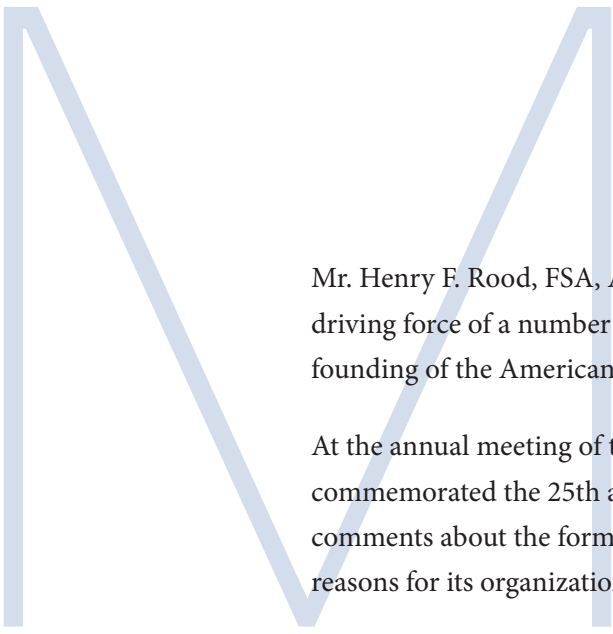
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# HISTORICAL NOTES

FOR THE PERIOD PRIOR TO OCTOBER 25, 1965

WRITTEN BY THE ACADEMY'S FIFTH PRESIDENT | JUNE 1986

WALTER L. RUGLAND MAAA, FSA, FFAA.



Mr. Henry F. Rood, FSA, ACAS, must be recognized as the real spark plug in the driving force of a number of actuaries whose efforts were instrumental in the founding of the American Academy of Actuaries on October 25, 1965.

At the annual meeting of the Society of Actuaries on October 29, 1974, which commemorated the 25th anniversary of the Society, Mr. Rood, in making some comments about the formation of the American Academy of Actuaries and the reasons for its organization, made the following remarks:

*“In a way, the need for the Academy started at French Lick, Indiana, in 1948 when the Actuarial Society of America and the American Institute of Actuaries were merged to form the Society of Actuaries, for at that historic meeting the consulting actuaries met to discuss the formation of the Conference of Actuaries in Public Practice. What might have been accomplished by the Society alone in gaining recognition of actuaries then became a multi-organization problem.*

*“The first step really came about in 1954 when a complaint of unprofessional conduct was lodged by one member of the Society against another. Lawyers who were consulted indicated that our constitution was weak and that overt action by the Board might subject the accuser and all board members to legal claims for damages. The complaint was withdrawn, but a committee was appointed in 1954 to consider revision in the constitution and the question of Guides to Professional Conduct. Two successive presidents referred to the need for such guides in their presidential addresses and the necessity for them if actuaries were to gain professional recognition. The Committee made its first report in 1957, at which time it recommended that guides be adopted and asked the members’ reaction to various suggested items. Subsequently, the Guides to Professional Conduct was*

1948 1957

*adopted and the constitution was revised to make it clear that one of the purposes of the Society was 'to promote the maintenance of high standards of competence and conduct within the actuarial profession.' It also enlarged the forms of discipline provided so that the Board was not limited to expulsion of an erring member.*

*"In October 1958, my presidential address dealt with the recognition of actuaries and stressed the need for licensing, certification or some other means of identifying qualified actuaries. It also suggested that government regulations be adopted requiring the use of such qualified actuaries in certifying all actuarial reports. The same year a committee was appointed to study the broad question of licensing or certification. Later this became a part of a joint committee with members of the Casualty Actuarial Society, Conference of Actuaries in Public Practice and the Fraternal Actuarial Association. This joint committee was given authority by the various boards to employ an attorney and seek appropriate means of recognition. Members of each organization were kept informed of progress by committee reports, panel presentations and discussion."*<sup>1</sup>

The committee of the Society of Actuaries to which Mr. Rood referred was "A Committee to Investigate Possible Certification or Licensing of Actuaries." It was established by the Society in 1958 and its first chairman was Mr. Reinhard Hohaus, who had been very active for many years in the efforts to unify the actuarial profession and gain recognition on a broader basis for it.<sup>2</sup>

In a speech given to the Canadian Institute of Actuaries at its annual meeting in Montreal on November 19, 1976, Mr. John H. Miller, the third president of the American Academy of Actuaries, and one of the leaders in the efforts which led to its founding, summarized the early activity in this way:

*"On November 9, 1959, Mr. Hohaus reported to the Board of Governors for the Investigating Committee, discussing various types of licensing or certification. After adopting this report the Society instructed the Committee to initiate studies with the Conference of Actuaries in Public Practice and the Casualty and Fraternal Actuarial organizations.*

*"In reporting on the efforts of the Committee which he headed, Mr. Hohaus told of some exploratory conversations with the Department of Education of New York State which indicated that a government licensing authority would not consider the*

*granting of any special privileges to a subdivision of a profession. It was clear from this that members of the Casualty Actuarial Society and other practicing actuaries, qualified in the minds of their clientele, would have to be included in any group to be so recognized. Thus it appeared that any attempt on the part of the Society to proceed alone in the pursuit of governmental accreditation would be ill advised and probably fruitless.*

*“The Committee again reported to the Board, on December 27, 1959, recommending that each of the actuarial organizations coordinate the activities of similar committees under a parent committee, ‘which would have the responsibility for dealing with the overall subject of professional status.’*

*“The Board then authorized a standing or special committee to deal with matters of professional status, in the expectation that the Casualty Society, the Conference and the Fraternal Actuarial Association would take similar action.*

*“In 1961 at the annual meeting of the Society, a panel discussion on ‘the actuarial profession’ was led by Mr. Hohaus with William Leslie Jr., President of the Casualty Actuarial Society, and Edward D. Brown Jr., Secretary of the Conference of Actuaries in Public Practice, speaking for their respective organizations. This was one of the early steps in the joint discussions which eventually led to the formation of the American Academy of Actuaries.”<sup>3</sup>*

Mr. Miller was a member of the two committees headed by Mr. Hohaus, and contributed very significantly in developing the earliest concepts in the formation of the Academy. As a member of the Society of Actuaries’ Committee on Professional Status in 1961 he proposed (and the Committee accepted), a long-range plan to establish a new organization encompassing, but not replacing, all of the existing actuarial organizations. The new organization would undertake the following functions:

1. Conducting a basic educational program.
2. Establishing and maintaining of professional standards.
3. Maintaining a public relations program.
4. Representing members of the profession in connection with certification by government actuaries.

*In an address at the 1962 annual meeting of the Conference of Actuaries in Public Practice in which he reviewed the important efforts to date, Mr. Hohaus concluded with the following statement:*

*“I wish I could be optimistic and state that a program of legal and public acceptance of professional status of actuaries in all areas could be developed and made effective in the next year or two. I regret to state that I am now convinced it will take some years. If for no other reason, this will take time because some basic changes will probably be required in the way in which the actuarial profession is now organized.*

*“I am, however, very optimistic for several reasons that a program will be developed and made effective. One is that the need for such a program is now recognized by our present actuarial bodies. Another is the willingness, already evident, of the four bodies to explore with each other the various questions in a very friendly and understanding atmosphere and to take coordinated or joint action when that is desirable. I am also confident that the basic outline of a feasible and acceptable program will emerge in the near future as the result of the various studies under way and that the next step will then be the long, laborious, but far from impossible process of carrying out the program to completion. This, most likely, will be in successive stages and not all at one time. Judging by my own experience, I would add that those who will be responsible for carrying out the program will find it an interesting, intriguing assignment, despite all the work that will be involved.*

*“Reference has been made to government agencies with whom accreditation should also be explored at the appropriate time, and to the very sympathetic consideration given by Department of Labor officials to the request for actuarial representation on the Advisory Council [on Employee and Pension Plans].*

*“This leads me to the conclusion that, pending development of a long-range program, there is one step that can and should be taken promptly. The actuarial organizations, either through their presidents or the chairmen of their committees studying possible certification or accreditation of actuaries, should approach on a joint basis appropriate Department of Labor officials.*

*“The purpose would be to explore intensively and sympathetically the possibilities of establishing some type of official accreditation of actuaries in the field of private pension plans and perhaps other employee benefit plans, also. I am hopeful that this could be accomplished in a reasonable period of time.”<sup>5</sup>*

As noted above, Henry Rood was the real spark plug which moved these efforts ahead. He was the Executive Vice President at that time of the Lincoln National Life Insurance Company, which also had an actuary as its secretary, Mr. George Bryce, FSA. The efforts of Mr. Rood and Mr. Bryce as a team, backed by the ability to enlist the services of associates in the Lincoln National both of manpower (actuarial and legal) as well as other important facilities, made it possible for the forward movement of founding the Academy to proceed in a very efficient manner. Mr. Rood became president of the Lincoln National Life Insurance Company in 1964 and, in addition to the many responsibilities which this new position must have required of him, his efforts and enthusiasm for the formation of the Academy were obviously no less than before.

It was Mr. Rood who took the initiative to call a joint meeting on the Status of Actuaries on February 18, 1963. Those who were invited to attend were:

***Society of Actuaries***

John H. Miller, President

Andrew C. Webster, President-Elect

Reinhard A. Hohaus, Former Chairman of Status Committee

Thomas P. Bowles, Chairman of the Society Committee to Investigate  
Possible Certification or Licensing of Actuaries

Henry F. Rood, Chairman of Status Committee

***Conference of Actuaries in Public Practice***

Frank E. Gerry, President

Joseph Musher, Chairman of Status Committee

***Casualty Actuarial Society***

L.H. Langley-Cook, President

Joseph Linder, Chairman of Committee on Professional Status

***Fraternal Actuarial Association***

Reuben I. Jacobson, President

Edward D. Brown Jr., Chairman of Status Committee

***Canadian Association of Actuaries***

W.D. Patterson, President

J. Edward Morrison, Chairman of Status Committee

The minutes of this meeting were carefully maintained and are on record in the office of the American Academy of Actuaries. Quoting from these minutes:

*“Mr. Rood opened the meeting by stating that various representatives of the five actuarial organizations on the North American Continent were meeting informally and not by official action of the governing boards of the organizations. This ad hoc group was assembled solely for the purpose of exploring ways and means of solving problems of mutual concern including the accreditation or licensing of actuaries.”<sup>6</sup>*

Out of this meeting came the real beginning of a new organization of actuaries designed to unite the actuarial profession in the United States. It was agreed by this ad hoc committee that a Joint Committee on Organization of the Actuarial Profession should be formed with the cooperation of all of the actuarial organizations in the United States. Those present voted to suggest that the president of each organization ask for authority to appoint members to such a joint committee. As a matter of fact, the respective presidents at the meeting tentatively named those whom they would appoint to such a committee. Henry Rood was to become Chairman of this very important committee. Other members were to be:

Mr. Laurence Langley-Cook, Casualty Actuarial Society  
Mr. Frank Gerry, Conference of Actuaries in Public Practice  
Mr. Frank Gadiant, Fraternal Actuarial Association  
Mr. E. Sydney Jackson, representing the Canadian Association of Actuaries, would also be a participant.

The paragraphs which follow are a summary of significant meetings and events which were held from February 18, 1963, up to just prior to October 25, 1965. The summary is detailed in chronological order and is largely based on the excellent record and documentation which was put together by Mr. George Bryce, FSA, first secretary of the Academy.

The meeting on FEBRUARY 18, 1963 Was held at the American Life Convention office in Chicago. Mr. Henry F. Rood, Chairman of the Status Committee of the Society of Actuaries, was the spearhead and chairman of the meeting.

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All of the above invitees attended this meeting except Mr. Reinhard A. Hohaus (who had retired from the Metropolitan Life Insurance Company) and Mr. Joseph Linder. It is interesting to note that Mr. Hohaus, who had been so active in prior work in this respect, was not able to attend this meeting. Mr. William Leslie represented the Casualty actuaries in Mr. Linder's absence. In addition to those invited as indicated above, Mr. Edwin B. Lancaster, Chairman of the Education and Examination Committee, and Arthur A. McKinnie, Executive Secretary of the Society of Actuaries, were present. Mr. McKinnie served as secretary.

The participants in the meeting decided that there should be a Statement of Objectives for the committee, and the following statement was adopted:

*"The Committee represents the following professional actuarial organizations: Casualty Actuarial Society, Conference of Actuaries in Public Practice, Fraternal Actuarial Association and Society of Actuaries. A representative of the Canadian Actuarial Association, which is conducting a parallel study in Canada, will participate in the committee deliberations. Its purpose is to explore means of obtaining legal accreditation of actuaries in the United States, including the development of plans for creating a national association of actuaries, membership in which would constitute qualification for such accreditation.*

*"It is also contemplated that this proposed association will consider matters of common interest including (1) establishment and maintenance of adequate professional standards of actuarial practice to insure the protection of the public's interest; (2) establishment and enforcement of a code of professional conduct; and (3) conduction of a public relations program aimed at (i) acquainting the public with the services and responsibilities of actuaries and (ii) attracting to the profession a sufficient supply of actuarial students seeking to qualify for practice of the profession."*<sup>7</sup>

It might be pointed out that nowhere was there any idea of merging old organizations into a new one, or for the new organization to take over the functions of the existing actuarial organizations, except for the three points mentioned in the Statement of Objectives.<sup>8</sup>

This was a determined group of actuaries.

They also agreed that there should be a subcommittee of this joint committee that would proceed with the study of the accreditation of actuaries. The following subcommittee was tentatively named: Mr. J. Edward Morrison, Canadian Actuarial Association; Daniel J. McNamara, Casualty Actuarial Society; Joseph Musher, Conference of Actuaries in Public Practice; Edward D. Brown Jr., Fraternal Actuarial Association; and Thomas P. Bowles, Society of Actuaries, who was already chairman of a Society of Actuaries' Committee to Investigate Possible Certification or Licensing of Actuaries. Mr. Bowles was selected to be chairman of the subcommittee. In addition to these representatives from the five actuarial organizations, other members would consist of Mr. Dorrance Bronson and Robert J. Myers, both of whom were active in the Washington, D.C., area and had good relationships with congressional contacts; Mr. Charles Dubuar, who was actuary of the New York Insurance Department; and Mr. John Dyer Jr., who had close ties with the problems of recognition of actuaries in foreign countries.<sup>9</sup>

On MARCH 11, 1963, the Committee on Professional Status of the Society of Actuaries reported to the Board of Governors of the Society what had happened at the meeting on February 18. The Committee requested the Board to take steps to implement the recommendations of the Ad Hoc Committee. The Board accepted the recommendation and named the following members to represent the Society on what became "The Joint Committee on Organization of the Actuarial Profession": Thomas P. Bowles, Gilbert W. Fitzhugh, Reinhard A. Hohaus, Wilmer A. Jenkins, Edwin B. Lancaster, Daniel J. Lyons, J. Edward Morrison and Henry F. Rood. The memorandum to the Board of Governors was dated March 11.

On March 27 the Society of Actuaries' Committee to Investigate Possible Certification or Licensing of Actuaries, under the chairmanship of Thomas Bowles, reported to the Board of Governors on a meeting held in Washington, D.C., on March 11, 1963. This was a progress report. The Committee pointed out that legal counsel was needed and that the Committee should be enlarged to include another actuary of a state insurance department.<sup>10</sup>

Matters considered by the group March 11 related to such things as preparing a list of agencies of the federal government in which actuaries might be involved, where accreditation would be an important item, and how the accreditation would be

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applicable to the various agencies of each of the 50 states. It considered also the need for an “education” program designed to make Member of Congress, state and federal officials, state and federal agencies, and industry groups aware of the fact that action toward accreditation of actuaries was in the public interest. It indicated that a “massive” selling job faced the profession.

Mr. Bowles reported that “the committee recognizes that a ‘one class’ association for purposes of establishing minimum qualifications for an actuary to engage in the public domain is the route for accreditation. Self-policing through codes of ethics will preclude (and should so emphasize) an actuary’s practicing in a specialized area in which he is not qualified.”<sup>11</sup>

In a letter of April 2, 1963, to the members of the Professional Status Committee of the Society of Actuaries, Henry Rood stated that much had been happening regarding the status of actuaries during the past few months. He reported that the Board of Governors had favorably acted upon the recommendations of the ad hoc committee which had met on February 18, and that the first meeting of the Joint Committee on Organization of the Actuarial Profession would be held on April 24.<sup>12</sup>

In his letter Mr. Rood stated: “I sense that the consultants feel a sense of urgency to move forward rapidly because of various actions recently taken by the certified public accountants. It is my hope that the basic plans for a new actuarial organization can be made for presentation at the Fall meeting of the Society of Actuaries.”<sup>13</sup> This letter was signed by Henry Rood as chairman of the Professional Status Committee of the Society of Actuaries and Chairman of the Joint Committee.

It was at this meeting held on April 24 that the basic structure of the new organization was outlined. Proposed By-laws were discussed for such items as name, purpose, authority to express opinions, membership requirements (including grandfather clauses), governing board and officers, meetings, finances, resignation and discipline of members, committees, etc. etc.<sup>14</sup>

Sometime between Henry Rood’s memorandum of April 2 and MAY 13, 1963, James Donovan had been retained as counsel to work with the Joint Committee and with the Subcommittee on Accreditation. His work was especially needed and intended to be very helpful in the problems associated with the federal charter route in attaining

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a charter for the proposed organization. Mr. Donovan was a “national name” at the time, having been a key negotiator in the release of Francis Gary Powers in the 1960 U-2 incident with the Soviet Union and had been an important figure negotiating with Fidel Castro for the release of 91 prisoners in the ill-fated Bay of Pigs. He was also active in the Casualty Insurance field. Reinhard Hohaus had suggested that he be engaged to work with the Joint Committee.

On May 28, 1963, a meeting of the Bowles Subcommittee (the subcommittee on accreditation serving under Henry Rood’s joint committee on organization of the actuarial profession) was held in Washington. In addition to the actuaries attending this meeting were James B. Donovan, counsel to the Rood Committee, and Richard S. Walsh and H. Powell Yates, attorneys on the staff of the Metropolitan Life Insurance Company, whose services had been offered to the actuaries to guide them in legal matters involving the problem they were studying.

Among the items on the agenda were: A discussion of the differences in the various terms “certification,” “accreditation,” and “licensing”; a review of the techniques, methods and problems related to accreditation, certification and licensing; a report on the ways and techniques of pursuing a program to “educate” the insurance commissioners of the various states on what an actuary really does; a report on the extent to which actuaries have been defined and/or recognized in various governmental agencies, statutes, etc.; a report on the possibility of enlisting the services and assistance of the American College of Life Underwriters; and a report on the Canadian activities in progress to date on the similar problems in Canada. It was agreed at this meeting that the attorneys under the guidance of James B. Donovan should thoroughly explore the obtaining of a federal charter and report their findings to the subcommittee. Also, since there was concern about the reactions of the officials of the National Association of Insurance Commissioners toward such an effort, four members of the subcommittee were given the task of making informal exploratory findings at the NAIC meeting in Seattle in June 1963. These were McNamara, Dubuar, Harwayne, together with Donovan, Counsel. They were to report to the subcommittee at its next meeting.<sup>15</sup>

MAY 1963

It was at the meeting on May 28 that the name AMERICAN ACADEMY OF ACTUARIES was decided upon. Henry Rood described this decision in this way:

*“I believe the name American Academy of Actuaries was decided on at the meeting held on May 28, 1963. Since the Canadians were pursuing their own efforts at accreditation, it appeared that the name ‘American’ should be used in our association. ‘Actuaries’ was, of course, self-evident. After considerable discussion in which we eliminated such terms as association, institute, organization, and society, we reached the decision that our name should connote some form of education and the words college, faculty and academy were discussed. We finally arrived at the word ‘academy’ as best indicating the educational background that would be required for membership in our new organization.”<sup>16</sup>*

On AUGUST 23, 1963, the Bowles Subcommittee met in New York. Since the last meeting of the committee on May 28, contact had been made with some of the insurance commissioners attending the NAIC meeting in Seattle. The purpose was to inform them that it would be particularly helpful to have a resolution by the NAIC in support of the idea of accreditation. This would also tend to counteract any federal versus state objection toward the pursuit of a federal charter. Richard Walsh, one of the Metropolitan Life attorneys, reported to the Committee that his research indicated that Congress had never created an organization the charter of which outlined membership requirements and professional status. He stated that Congress might simply create a corporation which would operate as a cultural or scientific group. It would provide no monopoly on an actuarial title. Apparently the main advantage in a federal charter would be political; that is, to the extent that it would carry weight with state and federal officials.

George Bryce was present at the meeting and wrote a summary for the record. He stated that the purpose of the meeting was to get together some ideas to present to a meeting of the full committee probably about the end of September. The conclusion was that the subcommittee would recommend the following:

*“1. Prepare to introduce legislation for a federal charter. The bylaws of the corporation so formed would set up membership requirements.*

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*“2. Try to get a favorable resolution by the NAIC and*

*“3. Prepare model legislation to be used in the individual states requiring certain reports to be certified by a certified actuary, and perhaps restrict the use of the term ‘certified actuary’ to those licensed by the state.”<sup>17</sup>*

In a report on the same meeting given by Tom Bowles to the members of the Accreditation Committee (his subcommittee, apparently), he outlined that the advantages of the federal charter would be:

*“a. Psychological impact on federal agencies.*

*“b. Apparent ease with which it can be obtained.*

*“c. The avoidance of a ‘state flavor’ for an organization which is a national professional body.*

*“d. The obvious prestige position such a charter will create.”<sup>18</sup>*

He stated that the disadvantages appeared to be confined to a possible reaction by state authorities that this would be the entering wedge of federal regulation of insurance.

The Committee concluded that a federal charter should be sought, and to that end the lawyers with the committee were to prepare a report for distribution to the committee prior to its next meeting.<sup>19</sup>

On OCTOBER 18, 1963, the Bowles Subcommittee met in New York City. Members attending were Henry E. Blagden, Thomas P. Bowles Jr., Edward D. Brown Jr., James B. Donovan, Charles C. Dubuar, Daniel J. McNamara, Joseph Musher.

A number of others attended this important meeting. They were: Reginald C. Barnsley, Gerry Bodell (Donovan’s associate), George M. Bryce, Frank E. Gerry, Edwin B. Lancaster, Joseph Linder, Laurence H. Langley-Cook, John H. Miller, Albert Pike Jr., Henry F. Rood, Richard S. Walsh, and H. Powell Yates.<sup>20</sup>

Tentative drafts of a federal charter and bylaws for the proposed organization of the actuarial profession were reviewed.<sup>21</sup>

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The committee decided that the federal route should be the basis of the effort to achieve accreditation, with such route to be implemented only after the membership of the four actuarial bodies of the United States concur in the formation of a national organization of actuaries. Pending such concurrence of these memberships, the committee took a number of significant actions:

1. The Joint Committee on Organization of the Actuarial Profession, chaired by Henry Rood, should continue with the development of the charter and bylaws of the proposed organization.
2. In the national organization the words “association,” “certified,” or “accredited” should not be used.
3. Steps were moved forward to secure a listing of consulting actuaries and actuaries who were engaged in performing services to the various state and municipal retirement systems for the purpose of making them aware at an early date of the progress being made.
4. The attorneys involved with the committees were to prepare model legislation for use in states where the ultimate goal of certification of actuaries was attainable, and they also were to prepare a model administrative ruling on actuarial accreditation which might be proposed to the various insurance commissioners in the interim.
5. Steps toward obtaining a card index of all persons in the United States who represent themselves as actuaries.<sup>22</sup>

The Joint Committee on Organization of the Actuarial Profession prepared a lengthy report dated **OCTOBER 27, 1963**, in which many questions were raised, the urgency of the problem explored and a progress report was given. The importance of qualification and certification of actuaries was stressed through raising a number of questions such as:

*“What is our responsibility as actuaries to see that the hopes and plans of millions of citizens who are covered by persons insured in the life insurance companies of the United States and Canada and in the private pension plans under private pension systems are not frustrated because of pseudo-actuarial practices that are unsound?”*

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*In other words, how can we see to it that an employer or client will receive the benefit of the high standards of competency and conduct expected of an actuary?"*

*Is it not also our responsibility "to educate the public to recognize qualified actuaries" who set high standards of education and strict codes of professional conduct? Should "we go even further and advocate government certification of actuaries"?<sup>23</sup>*

The report pointed out that the question had recently been brought into sharp focus by the passage of disclosure laws in connection with welfare and pension plans. A primary purpose of these laws was to prevent abuses in the administration of such plans, which it would hope to accomplish by publishing complete reports relating to income, disbursements and financial position.<sup>24</sup>

The Welfare Federation and Pension Plan Disclosure Act requires that the administrator of a plan sign and publish an annual report, the information therein to be "sworn to by the administrator, or certified to by an independent certified or licensed public accountant." The Committee pointed out that this is an actuarial report but there is no requirement that it be prepared or certified by a competent actuary.<sup>25</sup>

The report related that, in 1959, the Society of Actuaries appointed a committee to investigate possible certification or licensing of actuaries. [This is the Bowles Committee of the Society of Actuaries referred to above.] A year later the Society appointed, in addition, a professional status committee [This is the Professional Status committee of which Hohaus was the first chairman, followed by Henry Rood]; and within the next two years similar committees were established by the Casualty Actuarial Society, the conference of Actuaries in Public Practice, the Fraternal Actuarial Association, and the Canadian Association of Actuaries.<sup>26</sup>

The committee also pointed out that it was clear that the actuarial bodies could not ask for recognition of their members unless they adopted rigorous codes of professional conduct and provided effective means of disciplining any member who did not observe the code. Such codes had recently been adopted by all four U.S. actuarial organizations. The report surveyed briefly the steps taken toward the appointment of the Joint Committee on Organization of the Actuarial Profession and the subcommittee of that Joint Committee which had been given the responsibility to study the problem of accreditation of actuaries. The Committee pointed out that, upon recommendation of its legal representatives, it was currently studying the possibility of the formation of a new actuarial association, possibly with a federal charter.<sup>27</sup>



The committee stated:

*“It should be emphasized that the new actuarial body is not intended to replace any of the existing organizations. Each of these organizations will continue to set its own standards for membership and will be recognized in those fields where its members excel. As presently contemplated, the new organization will not publish proceedings or provide a forum for discussion. Meetings for the election of officers and board members may be held in conjunction with those of other actuarial bodies. It is expected that the bylaws will provide for the selection of directors representing all of the segments of the actuarial profession.”<sup>28</sup>*

In defining the proposed scope of activity for the new actuarial body, the Joint Committee set forth the following areas or functions:

- “1. ACCREDITATION OF ACTUARIES. It will define the standards and seek accreditation at the national, state and local level.*
- “2. PROFESSIONAL CONDUCT. It is essential that all actuaries observe the same standards of professional conduct. This can best be accomplished if the new organization adopts and enforces a suitable code.*
- “3. PUBLIC RELATIONS. It should be a goal of the new association to acquaint the public with the services and responsibilities of actuaries, and the means of identifying those who are qualified. It should also attempt to attract to the profession a sufficient supply of actuarial students.*
- “4. MINIMUM STANDARDS FOR A QUALIFIED ACTUARY. It is expected that membership in the new association would be recognized as the minimum standard for a qualified actuary. The existing actuarial bodies would probably require membership in the new organization as a prerequisite for qualification as a new member. They may then adopt such other requirements as they deem desirable to qualify actuaries to various classes of membership.”<sup>29</sup>*

The committee expressed the hope that within a few years it would be possible to set up a joint examination program which would cover the earlier parts of the actuarial examinations, possibly to an Associateship level.

The report further pointed out that the toughest problem would be in deciding who would be entitled to belong to the new association. It was pointed out that in order to obtain legislative or regulatory approval of certification by accredited actuaries only, it would be necessary for all actuaries to compromise on the initial membership requirements. Further, the initial standards might be lower than many would desire. The report pointed out that such was the case also with other professions such as doctors, lawyers, accountants, and actuaries of the United Kingdom in their earlier years of seeking standards of qualification and accreditation.

The report ended with the following paragraph:

*“This is a progress report. There is still much work to be done, but it seems well to keep the members informed with respect to the work of the joint committee. It is hoped that a concrete proposal can be submitted to the members for their full discussion within the next few months.”<sup>30</sup>*

The report presumably was sent to all members of the Society of Actuaries and the Casualty Actuarial Society.

On DECEMBER 10, 1963, a meeting which was called by Henry Rood and Tom Bowles, jointly, and attended by the members of Henry Rood’s Committee on Organization of the Actuarial Profession, the members of Tom Bowles’ Subcommittee on Accreditation, and the members of the Professional Status Committees of the four actuarial organizations was held in New York. The purpose of the meeting as outlined in Rood’s and Bowles’ notice of the meeting was as follows:

*“a. To report on the reaction to date of the Society of Actuaries and the Casualty Actuarial Society to the progress report dated October 27, 1963.*

*“b. To review the revised proposed charter and bylaws.*

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*“c. To review proposed model legislation for states as prepared by Dan McNamara, together with Dick Walsh and Gerry Bodell (from the staff of James Donovan, Counsel).*

*“d. To discuss the mechanics of determining eligibility for membership in the proposed national organization through the operation of the ‘grandfather clause’ and to review the list of all actuaries by status, occupation, location, etc.*

*“e. To consider techniques of implementation involving both approval by the four actuarial groups and methods of proceeding at state and federal levels.”<sup>31</sup>*

This was obviously a very important meeting. The names of those invited were as follows: Reginald C. Barnsley, Harry E. Blagden, Thomas P. Bowles Jr., Dorrance C. Bronson, Edward D. Brown Jr., George M. Bryce, George C. Buck Jr., James M. Cahill, James B. Donovan, Charles C. Dubuar, John K. Dyer Jr., Clyde H. Graves, Alfred N. Guertin, Frank Harwayne, Reinhard A. Hohaus, E. Sydney Jackson, Reuben I. Jacobson, Edwin B. Lancaster, William Leslie Jr., Joseph Linder, Laurence H. Langley-Cook, Daniel J. McNamara, Charles Mehlman, John H. Miller, J. Edward Morrison, Joseph Musher, Robert J. Myers, Albert Pike Jr., Henry F. Rood, Charles A. Siegfried, H. Raymond Strong, Richard S. Walsh, Andrew C. Webster, and H. Powell Yates.<sup>32</sup>

In a letter to the members of his joint committee and the members of the subcommittee on Accreditation, dated December 20, 1963, Henry Rood stated:

*“I think our meeting in New York last week was extremely worthwhile and has helped us make progress forward in our accreditation work. However, if we are to move forward rapidly so as to attempt to get favorable Congressional approval before Congress adjourns for the elections next summer and if we hope to be ready to approach the state legislatures when they convene early in 1965, we must continue to move forward rapidly.”<sup>33</sup>*

Following the meeting, Mr. Rood and Mr. Bowles established a tentative time schedule included in which was a proposal that a special meeting of the Board of Governors of the Society of Actuaries be called for February 5 to review the material of the joint committee and the subcommittee to date. It was also suggested that many appearances be made at as many actuarial club meetings as possible throughout the country to provide opportunities for actuaries all over the country to fully discuss the proposals

which are being made. It was anticipated that fairly complete proposals would be placed in the hands of the members of the clubs prior to March 1 so that they would have opportunity to study them before the meetings.<sup>34</sup>

It was suggested that the various actuarial bodies have special meetings of their members in April 1964 to take formal action. The Society of Actuaries meetings were scheduled in Boston and in Chicago during April. The other actuarial bodies also were meeting either in April or in May.<sup>35</sup>

In order to accomplish all of this within this time schedule, Tom Bowles and Henry Rood appointed several subcommittees. These were a membership subcommittee, a drafting subcommittee on legislation and administrative rulings, a drafting subcommittee for bylaws and charter, a lobbying subcommittee at the federal level, a lobbying committee at the state level and a subcommittee for membership relations. The Membership Relations Subcommittee was to provide speakers for actuarial club meetings and to furnish materials to members of actuarial bodies.<sup>36</sup>

The members of the *Membership subcommittee* were:

John H. Miller, Chairman, FSA  
Henry E. Blagden, FSA  
Reuben I. Jacobson, FFAA, FSA  
Joseph Linder, FCAS  
H. Raymond Strong, FCA

The members of the *Drafting Subcommittee for Legislation and Administrative Rulings* were:

Daniel J. McNamara, FCAS, Chairman  
Gerald E. Bodell (Mr. Donovan's staff attorney)  
George M. Bryce, FSA  
Frank Harwayne, FCAS (a member of the New York Insurance Department Staff)  
Edwin B. Lancaster, FSA

The Drafting Subcommittee for Bylaws and Charter were:

L.H. Langley-Cook, FCAS, ASA, Chairman  
Edward D. Brown Jr., FFAA, FCA, ASA  
George M. Bryce, FSA  
George B. Buck Jr., FCA  
Richard S. Walsh, Attorney

The *Lobbying Subcommittee for the Federal Level* members were:

Robert J. Myers, FSA, FCAS, FCA, Chairman

Dorrance C. Bronson, FSA, FCA

Joseph Musher, FSA, FCA

(all of Washington, D.C.)

The *Lobbying Subcommittee for State Level* were:

William Leslie Jr., FCAS, Chairman

Charles C. Dubuar, FSA (Actuary of the New York Insurance Department)

Alfred N. Guertin, FSA (Actuary for the American Life Convention)

Charles Mehlman (Actuary of the California Insurance Department)

Albert Pike Jr., FSA (Actuary of the LIAA)

Members of the Membership Relations Subcommittee were:

Henry F. Rood, FSA, ACAS, Chairman

Thomas P. Bowles Jr., FSA, FCA

Frank Gadiant, FFAA

L.H. Langley-Cook, FCAS, ASA

H. Raymond Strong, FCA

Andrew C. Webster, FSA<sup>37</sup>

Mr. Rood and Mr. Bowles were ex-officio members of all subcommittees.

On FEBRUARY 14, 1964, the Joint Committee on Organization of the Actuarial Profession sent a communication to all actuaries in the United States. The first paragraph of this letter read as follows:

*“Representatives of the four American actuarial bodies have been making plans to organize a new actuarial body, the American Academy of Actuaries, with the expectation that membership in the Academy may be recognized as a satisfactory standard of accreditation for an actuary. Copies of the proposals regarding charter, bylaws, Committees and election procedures are attached.”*<sup>38</sup>

The letter pointed out that in the month of March it was hoped that local and regional actuarial clubs would hold meetings to discuss these proposals. After the meetings, the Joint Committee would review all suggestions and submit a revised plan to all actuaries.

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It was the hope that copies of the revised plan could be submitted in time so that the actuarial bodies would be able to take formal action on it at their 1964 spring meetings. It was necessary that the boards and the members of all four actuarial bodies approve the plan before the committee would be in a position to go forward and try to obtain a federal charter.

It was emphasized that obtaining a charter for organization of the Academy was only the first step toward accreditation. The next step was expected to be an attempt to have legislation passed in each state providing for certification of actuaries.

The draft of the legislation which the joint committee referred to was proposed model legislation in the various states which would set forth qualifications for actuaries, provide for certification and registration of actuaries and provide specifically that “after January 1, 19\_\_ no individual shall engage in the public practice of actuarial science or shall represent himself as an actuary within the meaning of this act unless he is certified and registered under the provisions of this act.”<sup>39</sup>

The legislation would provide for a board of examiners whose function it would be to examine applicants for certification as actuaries. The board would be assisted by an advisory board, all of whom were to be members of the American Academy of Actuaries, and they would be broadly representative of the various fields of actuarial science. The proposed bill would set forth qualifications for an actuary and an examination structure would be provided for. The Board of Examiners would have the authority to accept in lieu of such examinations membership in the Academy. There was also provision for the Board to waive the examination requirements for individuals who had professional experience in actuarial service of a “grade and character satisfactory to the Board.” It was proposed that a registered actuary would call himself a “certified actuary” and append to his name the initials “C.A.”<sup>40</sup>

It was pointed out that until it was possible to pass legislation, insurance departments in some states might be willing to issue an administrative order requiring that a report to be filed with the particular department must be signed by an accredited actuary. A draft of such an administrative order was also prepared by the committee. It was anticipated that the requirements for accreditation through the administrative order would provide that the applicant must be either a member of the American Academy of Actuaries or a college graduate of a four-year course in mathematics and statistics

who had been engaged in the practice of actuarial science of a grade and character satisfactory to the department. A grandfather clause would have permitted the states to grant accreditation solely on the basis of satisfactory experience.<sup>41</sup>

The letter stated further that:

*“There is no thought that the Academy will replace any of the existing organizations. It is expected that its meetings will be for business only and that there will be no papers or discussions to be printed.”<sup>42</sup>*

The membership requirements for the Academy would be covered in the bylaws. However, the requirements were not included in the material that was sent out with the February 14 communication because they were still subject to approval of the various boards of the actuarial bodies.

The Committee pointed out in the letter that the ultimate goal should be a requirement high enough to satisfy the federal and various state governments, that the public would be adequately protected, and that an experience requirement as well as a demonstration of knowledge by examination should be included. On the other hand, the committee stated that the majority of those now engaged in actuarial work who have demonstrated their competence, however attained, should be included in the membership of the Academy.<sup>43</sup>

The committee stressed the urgency of the matter as expressed in the following paragraphs:

*“It is imperative that something be done about accreditation immediately. We have no one standard which can be pointed to as the standard or the identification mark of an accredited actuary. We have been complacent and have assumed that anyone needing actuarial knowledge or certification would come for it to those who in our opinion have those qualifications.”*

*“Individuals without actuarial qualifications are calling themselves actuaries and we have been doing nothing to prevent it. We have permitted organizations which have no actuaries associated with them to call themselves actuarial consultants. Individuals certified in the other fields have felt free to express opinions on actuarial matters.”<sup>44</sup>*

The committee cited some recent developments which emphasized this emergency. Among those items were the Federal Welfare and Pension Plan Disclosure Act, which required annual reports by merely a sworn statement by the administrator of the plan or being certified to by an independent “certified or licensed public accountant.” These were primarily actuarial reports, but no actuarial competency was specified. Also cited were the Security and Exchange Commission requirements that recognize certain qualifications for accountants who are to certify financial statements of insurance companies with which the Commission might be concerned.

Reference was made to independent public accountants who had been working diligently and aggressively to get themselves recognized in insurance company accounting and in reports to stockholders. These accountants had felt it necessary to disclose the areas in which the NAIC Association statements do not conform to generally accepted accounting practices used in commercial and industrial firms. Since there had been no official certification of actuaries, independent accountants felt free to comment on items in insurance company statements which are purely actuarial in nature.

Also mentioned was a report by the Financial Analyst Federation, which had recently been released regarding the adequacy of stock life insurance company annual reports to stockholders. This report had been critical of insurance company reports since they did not conform to reports issued by industrial and commercial companies. This Federation strongly applauded an annual CPA certification of a life insurance company’s financial statement but made no reference to certification by a competent actuary.<sup>45</sup>

This letter was sent to “*All* Actuaries in the United States,” which included many hundreds who were not members of the four actuarial bodies cooperating in the project.

In a letter dated MARCH 10, 1964, Henry Rood, Chairman of the Joint Committee on Organization of the Actuarial Profession, addressed a communication to the members of the boards of directors of the four actuarial bodies with which he enclosed the proposed sections of the bylaws (of the proposed American Academy of Actuaries) regarding membership qualifications and requirements. This letter followed by a few days a meeting on March 7 at which Henry Rood and John Miller,

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representing the Joint Committee, spent nearly a whole day with the Board of Directors of the Conference of Actuaries in Public Practice in discussing the requirements for admission to membership. At this meeting, the basic requirements for acceptance into membership in the early years of the Academy were agreed to as respects the position of the Conference membership. Experience was to be weighted heavily in the first few years of the Academy and then gradually requiring rigorous examination requirements.<sup>46</sup>

Mr. Rood's letter said in part:

*"In the earlier drafts of the proposed bylaws regarding these requirements, the minimum criterion for membership in the Academy (after the interim period with lesser qualifications) was Associateship in the Society of Actuaries plus five years' experience in actuarial work. Associates of the Casualty Actuarial Society would qualify provided that by the date quoted their Associateship requirements would be at least as rigorous as those of the Society of Actuaries. Similarly members of the Conference of Actuaries in Public Practice and active members of the Fraternal Actuarial Association would qualify provided that by the date quoted their requirements for such membership would be at least as rigorous as the Associateship requirements of the Society of Actuaries. It was, however, expected by all concerned that within the next few years the Associateship requirements for the Society would be raised to a somewhat higher level. Proposals on this basis were presented to the various organizations on an informal basis last fall.*

*"The boards of the Society of Actuaries and the Casualty Actuarial Society were inclined to feel that ultimately the requirement for membership in the Academy should be at least the Fellowship level. The officers and directors of the Conference of Actuaries in Public Practice felt that the ultimate educational requirement should be at a level somewhat lower than Fellowship. They suggested more emphasis on experience and they felt that if membership requirements in the Academy were set at the Fellowship level it might be difficult to interest new members in joining the Conference and the continued existence of the Conference might be threatened."<sup>47</sup>*

It was apparent that the ultimate criterion for membership in the Academy would be set at somewhat less than full Fellowship in the Society of Actuaries.

On MARCH 18, 1964, Henry Rood, as Chairman of the Joint Committee on Organization of the Actuarial Profession, addressed a letter to members of his committee in which he said that a great many meetings of the various actuarial clubs had been held throughout the country.

He stated:

*“So far we have had an exceptionally good response and there seems to be great enthusiasm for the program as it has been presented. Unfortunately a final draft of the membership requirements was not available for distribution at the meetings, but the leaders have described the general thinking of our committee in its recommendations for membership requirements. The program seems to have been well accepted.”<sup>48</sup>*

Mr. Rood called for a meeting of the Committee to be held in New York on April 6 to review progress and to prepare final drafts of the bylaws, the charter, election procedure and the structure of committees for distribution to all members of the four actuarial organizations. He pointed out that since the Society of Actuaries would be holding a meeting in Boston on April 23, it was desirable that this revised material be mailed as soon as possible so that the members of the Society who may be attending that meeting will be able to review it. Also, the Board of Governors of the Society would meet on April 22 and would be in a position to take action before the members of the Society consider a proposal the following day.<sup>49</sup>

On APRIL 15, 1964, the Joint Committee on Organization of the Actuarial Profession sent out to “All Actuaries” its revised draft of the charter, bylaws, election procedures and committee structure for the proposed American Academy of Actuaries. The covering letter pointed out that the material distributed on February 14 had been discussed at more than twenty actuarial club meetings and the suggestions made at those meetings had been carefully considered by the Joint Committee. A number of revisions had been made as the result of the ideas expressed or questions raised at the club meetings.

The covering letter also said:

*“It should be emphasized that this plan has been under consideration by various committees for several years and that the Joint Committee on the Organization of the Actuarial Profession has been working with a number of other actuaries and*

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*has retained legal counsel to assist it. The discussions at the club meetings have been most helpful as they have served to give many persons representing different points of view an opportunity to make suggestions. The response had been overwhelmingly in favor of moving forward as promptly as possible. There have been some differences of opinion as to some of the provisions, of course, but there has been a fine spirit of cooperation and it has been recognized by all that there must be compromises if we are to proceed promptly to have actuaries properly recognized.”<sup>50</sup>*

The Committee suggested that the Academy of Actuaries be formed to serve as the basis for the accreditation of actuaries in the United States. It should be emphasized, the Committee said, however, that this new organization will not interfere with the activities of existing actuarial organizations.<sup>51</sup>

On APRIL 22, 1964, the Board of Governors of the Society of Actuaries unanimously adopted a resolution endorsing the work of the Joint Committee on Organization of the Actuarial Profession and passed the following resolution:

*“Be it resolved, that the Board of Governors of the Society of Actuaries having reviewed a draft of the Charter and Bylaws of the proposed American Academy of Actuaries, including the requirements for admission to membership set forth in Article I, Section 2, of the said proposed bylaws, hereby endorses the recommendation of the Joint Committee and of the Committee on Status and Accreditation, that an American Academy of Actuaries so constituted be organized and agrees as follows:*

*“1. At the three meetings of the Society of Actuaries in the Spring of 1964, the Fellows of the Society present at the meetings will be asked to vote for or against the organization of the American Academy of Actuaries. If the vote at the meetings is in favor of the proposition, the Society of Actuaries will go on record as being in favor of the organization of the Academy of Actuaries.*

*“2. If the Society of Actuaries goes on record as being in favor of the organization of the said Academy, the Society will agree to share with the other three actuarial bodies in the expenses incurred in such organization.”<sup>52</sup>*

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The three meetings of the Society of Actuaries mentioned in the resolution voted overwhelmingly in favor of organizing the American Academy of Actuaries.

The other three actuarial bodies adopted similar resolutions, the Casualty Actuarial Society having been the last society to have a meeting and its action occurred on MAY 19, 1964.<sup>53</sup>

These actions by the four actuarial bodies set in motion the steps necessary to obtain a federal charter and to organize the Academy inasmuch as now all had officially acted by votes of their memberships.

In a letter addressed to the Members of the Joint Committee on Organization of the Actuarial Profession, dated MAY 11, 1964, Henry Rood, Chairman, reported that he together with James Donovan, Dorrance Bronson, and Robert Myers called on Sen. Thomas Dodd of Connecticut to discuss the chartering of a new American Academy of Actuaries. Sen. Dodd agreed to introduce the bill in the Senate under the co-sponsorship of Sen. Curtis on the Republican side. Sen. Dodd suggested that Rep. Emanuel Celler of New York be chosen as the key member in the House.<sup>54</sup>

Mr. Rood also reported that in meetings held in Chicago in the early part of May 1964 the Fraternal Actuarial Association, the Society of Actuaries, and the Conference of Actuaries in Public Practice all unanimously adopted resolutions supporting the program which had been suggested and that two regional meetings of the Casualty Actuarial Society had supported the program but official action would not take place until their meeting on May 19. Also the Society had one more regional meeting in Portland, the first week in June at which an additional vote would be taken.

The subcommittee studying the accreditation of actuaries met in New York on August 26, 1964. Henry F. Rood served as chairman of the meeting and George Bryce acted as secretary.

This committee was informed that the Senate had passed a bill providing for a Charter for the American Academy of Actuaries. A bill had been introduced in the House by Rep. Hale Boggs of Louisiana and had been referred to the Judiciary Committee of which Rep. Celler was chairman. It appeared that Rep. Celler was not very sympathetic to the project and had indicated that he would not refer the bill without hearings and

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it was difficult to get him to establish a date for hearings. The committee considered strategy which could be used to move the bill along. Suggestions were made that contacts in Washington, D.C., by government actuaries and other influential persons would be used.<sup>54</sup>

It was obviously felt that there was a good chance that the bill would not be passed before Congress adjourned. The committee considered alternate solutions to the organization, and for the first time it was evident that a corporation organized under a state statute might be required. The committee decided that if such were the need Illinois would be the state selected.<sup>55</sup>

It was concluded, however, that attempts to obtain the federal charter should be continued for some further time.

Other matters considered at this meeting were the time and place for the incorporators' meeting should the charter be granted, and it was decided that October 14 in Chicago would be the tentative date. This coincided with the meeting of the American Life Convention.

The committee named Andrew C. Webster as chairman of a Nominating Committee to come up with a slate of officers and directors for consideration at the incorporators' meeting. The Nominating Committee was to be composed of the presidents of the four actuarial organizations or, if the president could not serve, a nominee named by him. The committee structure for the new Academy was also considered and the Nominating Committee was asked to suggest names for members of the various committees.<sup>56</sup>

The question of dues was also discussed. The decision was to recommend at the incorporators' meeting that the dues be set at \$5 per year.

A bill for services for Counsel James Donovan had been received. It was decided that the four actuarial organizations would be asked to pay this bill and other expenses that were to be incurred, and that their proration would be in proportion to their current membership, with the Fellowship class of membership being given the weight of two and Associates or Non-Fellowship class of membership being given the weight of one.

Other details incident to the getting under way were also discussed, such as a corporate seal, membership certificates, application forms, and the time which would be given to permit those members who were automatically to become members of the American Academy to indicate their declination of membership (within sixty days).<sup>57</sup>

On SEPTEMBER 4, 1964, George Bryce, in a memorandum to the members of the Accreditation Committee, reported that Andrew Webster and his associates had met with Rep. Celler but found he was apparently unwilling to cooperate. It appeared that the bill would not be released to the subcommittee in this session of Congress and that it would have to be held over until Congress reconvened the next January. Efforts were still being made, however, but apparently the outlook was not good.

Henry Rood then decided that in place of the incorporators' meeting which had been tentatively set for October 14, 1964, in Chicago there would be a meeting on that date of the subcommittee for accreditation. Other members of the various committees were invited to attend on an informal basis.<sup>58</sup>

Those attending this meeting according to records by Mr. Bryce were: Bowles, Bronson, Brown, Bryce, Dyer, Groves, Harwayne, Victor E. Henningsen, Leslie, Langley-Cook, J.H. Miller, Musher, Myers, Rood, Strong, Webster, and Yates. Mr. Rood was chairman of the meeting and Mr. Bryce secretary.<sup>59</sup>

Mr. Rood reviewed what had happened in recent months in attempts to present the bill to Congress. Mr. Webster gave a detailed review of the meeting on August 31 with Rep. Celler. He said that Rep. Celler was not inclined to listen to arguments; he saw no need for a federal charter; he was not impressed by the fact that the Senate had passed the bill and Celler said there was no chance of getting our bill through this session of Congress. He said that if the bill is brought up in the next session, he will be willing to help and commented that a few months delay would not hurt.

Mr. Rood reported that he had talked on the telephone recently to James Donovan who suggested that the committee should not be too disappointed with the results so far. Donovan had already talked to Sen. Dodd and the Sen. had indicated that he would be happy to sponsor the bill again. He had also talked with Rep. Eugene Keogh, who had agreed to use his influence with Rep. Celler.

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Mr. Myers expressed the view that the committee should not be too optimistic about getting a bill through Congress early in the year. It was his observation that it may take several months. Hearings might be required. Rep. Celler would probably insist on the normal legislative process. The Congress spends most of January getting organized and is not likely to get down to the business of considering bills until at least into February.

With respect to the possibility of hearings, it was discussed that it was necessary to get some good witnesses. If there were to be hearings, it would be necessary to give a convincing answer to the question “Why a Federal Charter?” With respect to this, Attorney Yates expressed the thought that other professions such as lawyers and doctors were usually confined to local operations but that actuaries might claim a real distinction in this respect in that insurance and pensions being interstate commerce it would be inimical to the public interest to start at a local level and that the public interest would be benefitted by national recognition. Other reasons mentioned in the discussions of why a federal charter were:

- “1. Actuaries are widely scattered and a diverse group. If the state route were chosen there might be argument as to choice of state. On the federal charter approach all would agree.*
- “2. As the various states are approached for legislation or rulings regarding accreditation the federal charter would carry more prestige than would any state charter.*
- “3. A number of organizations or agencies at the federal level now require some kind of actuarial certification and the number of such would undoubtedly increase. A federally incorporated body would find better acceptance with such agencies or organizations.”<sup>60</sup>*

On the other hand, Mr. Webster commented that in a talk with Mr. Eugene Thore of the Life Insurance Association, Mr. Thore had wondered why they were going after a federal charter. He stated that Rep. Celler’s staff was against the idea of a federal charter. Also, the analogy drawn between the locality of practice of doctors and lawyers versus the interstate practice of actuaries was not a very heavy argument.<sup>61</sup>

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Nevertheless, those present were in favor of still trying to obtain a federal charter.

George Bryce, in a memorandum dated OCTOBER 22, 1964, regarding American Academy of Actuaries' expenses, reported that an up-to-date count of the membership of the four actuarial organizations indicated that the division of expenses incurred by the American Academy prior to organization would be that the Society of Actuaries would carry 69 percent, Casualty Society 14 percent, the Conference of Actuaries in Public Practice 12 percent and the Fraternal Actuarial Association 5 percent.<sup>62</sup>

The bill for Mr. Donovan's expenses up to this point was apportioned on this basis.

In a memorandum dated DECEMBER 31, 1964, to all members of the Accreditation subcommittee, Henry Rood summarized the developments of the past few months. He had had two meetings with Jim Donovan, who recommended that a procedure much the same as in 1964 in the introduction of the bill would be followed. He reported that Sen. Dodd and Sen. Curtis would co-sponsor the bill. It was expected that Rep. Boggs of Louisiana would be asked to re-introduce the bill in the House. It was through the influence of William E. Groves, FCA, that Rep. Boggs agreed to sponsor the bill in the House.<sup>63</sup>

Mr. Donovan had indicated that he had discussed the situation with Representative Keogh of New York, who had agreed to urge Rep. Celler to support and expedite the passage of the bill, but there was some doubt as to whether Rep. Celler would actually support it. It was felt that he would be willing to hold hearings and permit his committee to act on it. Mr. Donovan had urged that all actuaries stay away from Rep. Celler, particularly those connected with the life insurance companies. All negotiations with Rep. Celler were to be left in Mr. Donovan's hands.<sup>64</sup>

At the meeting in Chicago on October 14, 1964, it had been decided that efforts should also be made along other lines so as to be ready in the event the federal bill is passed early in 1965. Assignments were given to certain individuals to examine the problems of having accreditation statutes passed in the various states. The states mentioned were Florida, Pennsylvania, Louisiana, Mississippi and Indiana. Florida was to be handled by Tom Bowles; Pennsylvania by Laurence Langley-Cook and Jack Dyer; Louisiana and

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Mississippi by Bill Groves; and Indiana by Henry Rood and George Bryce. It was also suggested that the possibility of a District of Columbia charter be explored in the event a federal charter effort was unsuccessful. An attorney of the Life Insurance Association of America was looking into this matter.<sup>65</sup>

On FEBRUARY 17, 1965, Sen. Dodd of Connecticut introduced a bill (S. 1154) to provide a federal charter for the American Academy of Actuaries. The bill was co-sponsored by 26 other Sen.s.

Rep. Boggs of Louisiana introduced a companion bill (H.R.4470) in the House. The Senate bill was passed rather quickly and the House bill was referred to the Judiciary Committee of which Rep. Celler of New York was Chairman.

On MARCH 29, 1965, Henry Rood, Chairman of the Joint Committee on the Organization of the Actuarial Profession, in a letter to the members of the Accreditation Committee, reported as follows:

*“Reports will be made to the members of the Society of Actuaries at the various Spring meetings. There will be little to tell other than that our Bills have been introduced and to give them the status at the time of the meetings.*

*“Andy Webster and his subcommittee have been working on drafts of proposed legislation, both aimed at New York and other states, which have somewhat simpler means of handling our program.” (Assuming a federal charter.)<sup>66</sup>*

On APRIL 13, 1965, the subcommittee for Accreditation of Actuaries met in New York. Chairman Rood reported on the progress of the Academy bill, mentioning that some amendments have been suggested in the Senate bill, none of material significance. The only item to which any question would be raised was the proposal that the corporation, in addition to reporting to the Congress would also report to the Department of Justice annually, and give the department such right to ask for such information as its discretion might require.<sup>67</sup>

Other items discussed at this meeting were the various reports of progress in the various states in which it was expected that legislation for accreditation machinery would be introduced as soon as the federal charter was obtained. It was also pointed out that the Commissioner of Insurance of the State of New York had made a very

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favorable address to the Society of Actuaries at its spring meeting in New York. It was expected that copies of this speech would be helpful in convincing the members of Congress to approve the bill for federal charter.<sup>68</sup>

On OCTOBER 6, 1965, Henry Rood, Chairman of the Joint Committee on the Organization of the Actuarial Profession, addressed a memorandum to the members of the Accreditation Committee and called for a meeting to be held on October 19. Mr. Rood reported to the members of the Committee that a letter had been received from Rep. Byron G. Rogers, Chairman of Subcommittee #4 of the Judiciary Committee of the House of Representatives, in which it was stated that the subcommittee in executive session had discussed the pending legislation which would confer a federal charter on the American Academy of Actuaries (Senate Bill 1154 and House Bill 4470). Rep. Rogers reported that, in the course of its discussion in review of the legislation, the subcommittee considered the recent veto message of the President on a bill which would have conferred a federal charter on an organization called the Youth Councils on Civic Affairs. The President's message was enclosed with the communication.<sup>69</sup>

The essence was that the subcommittee (of the Judiciary Committee), considering the veto message which had a bearing on the proposed Academy of Actuaries legislation and other similar proposed legislation, had concluded that there was very little possibility of Congress granting a federal charter. In the circumstances Rep. Rogers said that the compilation of a complete hearing record on this legislation would be desirable. Accordingly the subcommittee contemplated that it would hold public hearings on this matter early in the next session of Congress (i.e., not until 1966). Rep. Rogers also stated that the questions posed by the President in his veto message had been of concern to the House Committee on the Judiciary in recent years and that it did have relevancy to the legislation relating to the Academy of Actuaries.

In his letter to the members of the Accreditation Committee, Mr. Rood stated that the consensus was that the committee should proceed with the organization of the Academy on some basis nevertheless. He suggested that at the meeting in Chicago on October 19 the Committee arrive at a conclusion as to the best basis for organization and the steps be taken to have an organizational meeting in Montreal on October 26 in conjunction with the annual meeting of the Society of Actuaries.<sup>70</sup>

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On OCTOBER 11, 1965, Henry F. Rood, acting on behalf of the organizers of the proposed Academy and as Chairman of the Joint Committee on the Organization of the Actuarial Profession, addressed a letter to all of the 56 persons listed in the proposed charter for a federal corporation, who were to become the incorporators of the Academy, informing them of the likelihood that a federal charter would not be attainable. Mr. Rood asked them to be prepared to meet in Montreal on October 26 (the meeting date was later changed to October 25) to proceed with the organization of the Academy on some basis. He stated that the Joint Committee on the Organization of the Actuarial Profession was meeting in Chicago on October 19 to arrive at a conclusion as to the best basis for such organization.<sup>71</sup>

On OCTOBER 19, 1965, the subcommittee for Studying the Accreditation of Actuaries met in Chicago. Attending this meeting were: Blagden, Brown, Bryce, George Buck, Gadiant, Groves, Henningsen, Jacobson, Lancaster, Langley-Cook, J.H. Miller, Thomas E. Murrin, Musher, Rood, Strong, Walsh, and Webster. Henry A. Warchall (Assistant General Counsel of the American Life Convention) and O.W. Lanning (Associate General Counsel of the Lincoln National Life Insurance Company) were also present. Mr. Rood served as Chairman and George Bryce acted as Secretary of the meeting.<sup>72</sup>

In the minutes prepared by Mr. Bryce, the following three paragraphs are most significant:

*“Mr. Rood mentioned that our bill for a federal charter for the American Academy of Actuaries had been passed by the Senate in 1965 but again had failed to get through the House. The bill had been referred to a Subcommittee of the Judiciary Committee of which Rep. Rogers was Chairman. It was difficult to determine just what had caused that Committee to refuse to take action on the bill over a period of several months. On September 10 the President vetoed a bill which would provide a federal corporation for the Youth Councils on Civic Affairs and stated that future federal charters would be granted, if at all, only on a selective basis. Mr. Rogers thereupon wrote that before his committee would approve the Academy bill, it would be necessary to have hearings to establish the need for federal charter for the Academy. He contemplated that the Subcommittee would hold public hearings on this matter early in the next session of the Congress.*

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*“Mr. Rood pointed out that at previous meetings of the Committee when the question of continuing the attempt to get a federal charter was discussed it was the feeling of the Committee that if we failed to get such a charter in 1965 we should proceed to obtain a charter in one of the states or in the District of Columbia. There was still a good possibility that we might be able to get a federal charter and, as an alternative, it had been suggested that it might be advisable to organize as an unincorporated association to operate until we are able to obtain a federal charter. The advantages and disadvantages of a state incorporated body as compared to an unincorporated association were discussed in some detail. It would be easier to dissolve an unincorporated association but presumably a state corporation could be dissolved without too much difficulty. There was some possibility of personal liability for members under either approach but members of a corporation would have some protection, particularly for certain types of liability. An insurance policy could be purchased to provide the necessary protection.*

*“Under the Association approach it was felt that the Association should not collect any dues or have any assets. As a Corporation, dues could be collected and the organization would be able to operate immediately on a more satisfactory basis and on a basis which could be continued.”<sup>73</sup>*

Mr. Bryce records that after rather thorough discussion, Mr. Rood inquired “Should we organize on some basis now?”—and that this question was answered unanimously in the affirmative.<sup>74</sup>

Since the effort to obtain a federal charter was not completely dead, it was concluded that organization should be obtained on an unincorporated Association basis. The expectation of the Committee was that if a federal charter was not obtained in 1966, the Academy would proceed to incorporate in a state, but meanwhile organization on an unincorporated basis would get things under way. As an unincorporated organization no dues would be charged [dues were, nevertheless, determined and levied at the second meeting of the Board of Directors in December 1965] and representatives of the four organizations felt that the four actuarial organizations would continue to pro-rate expenses.

A number of other matters were discussed at this meeting indicating that substantial progress had been made in moving forward toward organization.

Following this meeting, Messrs. Rood and Bryce proceeded with the details of the meeting to be held in Montreal. Being unable to get a meeting room at the Queen Elizabeth Hotel, where the annual meeting of the Society of Actuaries was being held, a meeting room at the head office of the Sun Life Assurance Company of Canada was obtained for a late afternoon meeting on October 25, 1965.

The organizers listed in the proposed Articles of Association were notified, and on this short notice 33 out of 57 assembled at 4 p.m. in Montreal to effectuate the founding of the Academy.<sup>75</sup>

The tremendous amount of preparatory work for the meeting done by Henry Rood, George Bryce, and other actuaries under their leadership, together with the excellent talent of the lawyers working with them, left virtually nothing undone or incomplete.

Mr. Rood was elected to chair the meeting, and appointed Mr. Bryce to take minutes. The whole task of making a decision to proceed on an unincorporated Association basis; adopting Articles of Association and obtaining signatures of the organizers who were present for the same; adopting Bylaws; and electing the officers and Board of Directors provided for in the Bylaws was accomplished in less than one hour.

Immediately after the organizing meeting was adjourned, a meeting of the Board of Directors of the newly organized American Academy of Actuaries was convened to elect an Admissions Committee; to create other Committees; and to authorize the President to appoint members to such committees. A few other details were tended to, but the entire meeting lasted only thirty-five minutes.

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29. Ibid.
30. Ibid.
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32. Ibid.
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35. Ibid.
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51. Ibid.
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73. Ibid.
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75. Minutes of the Organization Meeting of the American Academy of Actuaries held in the home office of the Sun Life Assurance Company of Canada on October 25, 1965.



# THE FIRST YEAR

OCTOBER 25, 1965–OCTOBER 31, 1966

THE HENRY F. ROOD PRESIDENCY

*The period between Feb. 18, 1963, and Oct. 25, 1965, was a period of many months in which HENRY F. ROOD and many, many other actuaries were intensely occupied in moving the proposed Academy forward, and it should really be considered as part of Henry Rood's term as the "chief officer" of the American Academy of Actuaries. The details of this intense effort is discussed elsewhere and will not be repeated again under this heading of Mr. Rood's term of office as President from Oct. 25, 1965, to the first annual meeting on Oct. 31, 1966.*

Suffice it to say that Mr. Rood enlisted, and perhaps more appropriately drafted the services of GEORGE BRYCE, FSA, Secretary of the Lincoln National Life Insurance Company, to be the secretary for the innumerable meetings and drafting work which was done in the earlier period. Mr. Bryce became the first secretary of the academy and served exactly during the period while Mr. Rood was president.

After many months of intense work in efforts to get a federal charter the organizers of the Academy decided that, federal charter or not, it was time to organize the Academy. Hence, on Oct. 11, 1965, Mr. Rood, acting on behalf of the organizers of the proposed Academy and as Chairman of the Joint Committee on the Organization of the Actuarial Profession, addressed a letter to all of the 57 persons listed in the proposed Charter for a federal corporation who were to become the incorporators of the Academy, informing them of the likelihood that a federal charter would not be attainable. Mr. Rood asked them to be prepared to meet in Montreal, Quebec, on Oct. 25 to proceed with the organization of the Academy on some basis.<sup>1</sup>

# OCTOBER 1965

On Oct. 19, 1965, the Joint Committee and subcommittee which had been studying the accreditation of actuaries and drafting innumerable proposed documents met in Chicago to determine the type of organization that should be proposed. It was concluded by this group that, since the attempt to get a federal charter was still not dead, it would be most appropriate to organize on the basis of an unincorporated association of actuaries.<sup>2</sup>

Mr. Rood and his associates, with the aid of legal counsel from the Metropolitan Life Insurance Company, the Casualty Actuarial Society in the person of Daniel McNamara, an attorney as well as a Fellow of the CAS, and legal counsel from the Lincoln National Life Insurance Company, had done virtually all the work necessary to have the Articles of Incorporation and Bylaws prepared for organization in any eventuality.

Mr. Rood and Mr. Bryce must have worked extremely hard during the six days between Oct. 19 and Oct. 25, the date of the Organizational Meeting in Montreal, because when 33 of the 57 persons who had been asked to become organizers assembled in Montreal, the agenda and the procedures necessary to organize the American Academy of Actuaries were all laid out and very expeditiously handled. The organizational meeting was held in the office of the Sun Life Assurance Company of Canada in Montreal on Monday, Oct. 25, at 4:00 p.m.<sup>3</sup>

The incorporators who were able to be present were: John C. Angle, FSA, Henry E. Blagden, FSA, Thomas P. Bowles, Jr., FSA, FCA, Dorace C. Bronson, FSA, FCA, Harley N. Bruce, FCA, FFAA, George M. Bryce, FSA, George B. Buck, Jr., FCA, Donald G. Clark, FSA, FCA, Mary M. Cusic, FSA, FFAA, John D. Dyer, Jr., FSA, FCA, Gilbert W. Fitzhugh, FSA, FCAS, Frank J. Gadiant, FFAA, Frank L. Griffin, Jr., FSA, FCA, William E. Groves, FCA, Victor E. Henningsen, FSA, Reuben I. Jacobson, FSA, FFAA, Wilmer A. Jenkins, FSA, Walter Klem, FSA, Meno T. Lake, FSA, Edwin B. Lancaster, FSA, Laurence H. Langley-Cook, FCAS, ASA, Lauren J. Lutz, Allen Mayerson, FSA, FCAS, Charles Mehlman, Wendell A. Milliman, FSA, FCA, Joseph Musher, FSA, FCA, Carroll E. Nelson, FSA, FCA, FFAA, Henry F. Rood, FSA, ACAS, Walter L. Rugland, FSA, FFAA, David G. Scott, FSA, H. Raymond Strong, FCA, Andrew C. Webster, FSA, and Bert A. Winter, FSA.<sup>4</sup>

There were 24 of the actuaries listed as organizers who were unable to be present at the organization meeting which had been called, of course, on very short notice. The names of these 24 actuaries are: Clarence L. Alford, FFAA, John C. Archibald, FSA, Edward D. Brown, Jr., FCA, FFAA, ASA, Harold E. Curry, FCAS, Charles C. Dunuar, FSA, Walter C. Green, FCA, Frank Harwayne, FCAS, William J. Hazam, FCAS, Reinhard A. Hohaus, FSA, William Leslie, Jr., FCAS, Joseph Linder, FCAS, ASA, Daniel J. McNamara, FCAS, Norton E. Masterson, FCAS, Carlton H. Menge, John H. Miller, FSA, FCAS, Thomas E. Murrin, FCAS, Robert J. Myers, FSA, FCAS, FCA, A.C. Olshen, H. Lewis Rietz, FSA, Charles Siegfried, FSA, Asa T. Spaulding, Oscar Swenson, Harmon R. Taylor, FFAA, FCA, and G. Frank Waites, FSA, FCA.<sup>5</sup>

The group of 57 organizers represented a broad cross section of the actuarial profession in the United States. Among the group were 33 who had served as presidents of their actuarial organizations or would serve as president within the next few years and three who had served as vice presidents. There were 33 who were Fellows of the Society of Actuaries, 13 who were Fellows of the Casualty Actuarial Society, 17 who were Fellows of the Conference of Actuaries in Public Practice and nine who were Fellows of the Fraternal Actuarial Association. Some of them, of course, were members of more than one of these organizations. There were six who held membership in none of the four organizations. Geographically the group was very widely distributed since more than twenty states were represented in the group. This was an important factor because even if a federal charter would be attained it was necessary to obtain accreditation in the individual states in order to get the job completely done, and having a resident of a state who was one of the organizers could conceivably be of some help.

Henry F. Rood, as Chairman of the Joint Committee on the Organization of the Actuarial Profession, called the meeting to order and suggested that it would be in order to elect a chairman for the meeting. Obviously, Mr. Rood was the only choice of chairman and Mr. George M. Bryce was appointed by him to serve as secretary of the meeting.<sup>6</sup>

Mr. Rood outlined the events of recent months leading up to the organization meeting. Congress had failed to pass a bill to provide a federal charter for the Academy of Actuaries, and it was learned that it was unlikely that public hearings on the bill to grant a federal charter would be held until the next session of the Congress, which meant sometime in 1966. Mr. Rood reported that, at a meeting of the Accreditation

Committee in Chicago on Oct. 19, it was decided to recommend organization as an unincorporated association rather than as a state incorporated body, and that if the hearings were held and a federal charter ultimately obtained the unincorporated association would be dissolved and organization completed under the federal charter. Furthermore, it was the expectation of the committee that if a federal charter were not obtained early in 1966, the Academy would proceed to incorporate under a State charter.

Mr. Rood explained that the decision to proceed as an unincorporated association had been approved by the board of directors of the Conference of Actuaries in Public Practice, by the board of governors of the Society of Actuaries, and by the councils of the Casualty Actuarial Society and the Fraternal Actuarial Association.<sup>7</sup>

Articles of Association and Bylaws for the unincorporated Association had been prepared and circulated in advance of the meeting to the organizers (and, of course, some organizers had not received them in the mail and there were copies available for them at the meeting). It was determined that the minutes of the meeting of the October 19 group in Chicago should be retained as part of the records of the Academy as well as the minutes of the organizing meeting.<sup>8</sup>

After a very brief discussion the Articles of Association were adopted unanimously by the thirty-three organizers present. Also, after minor changes had been suggested and made in the Bylaws, they were also adopted unanimously.

Several weeks prior to the meeting, the joint Committee had appointed a Nominating Committee consisting of the presidents of the four organizing actuarial bodies to prepare a slate of officers to be proposed to the organizing meeting. This slate of officers was Henry F. Rood, FSA, President; Thomas E. Murrin, FCAS, President-Elect; four vice-presidents; Frank J. Gadiant, FFAA, Laurence H. Langley-Cook, FCAS, ASA, John H. Miller, FSA, FCAS, and H. Raymond Strong, FCA; Robert E. Bruce, FFAA, Treasurer, and George M. Bryce, FSA, Secretary. This slate of officers was unanimously elected.<sup>9</sup>

The Nominating Committee also proposed a slate of 18 directors called for under the Bylaws, six for terms of three years, six for terms of two years, and six for terms of one year. Those elected for terms of three years were: William E. Groves, FCA, Victor E. Henningsen, FSA, William Leslie, Jr., FCAS, Daniel J. McNamara, FCAS, Walter L. Rugland, FSA, FFAA, and Andrew C. Webster, FSA.

Those elected for a term of two years were: Edward D. Brown, FCA, FFAA, George B. Buck, Jr., FCA, Frank Harwayne, FCAS, Allen L. Mayerson, FSA, FCAS, Wendell A. Milliman, FSA, FCA, and Joseph Musher, FSA, FCA. Those elected for a one-year term were: Donald F. Campbell, FCA, Mary M. Cusic, FSA, FFAA, Gilbert W. Fitzhugh, FSA, FCAS, Walter Klem, FSA, Norton E. Masterson, FCAS, and Robert J. Myers, FSA, FCAS, FCA. This slate of directors was elected unanimously.<sup>10</sup>

The meeting was adjourned 50 minutes after it had been called to order. This was an historic occasion.

Immediately after the adjournment of the organizing meeting, the newly elected board of directors held a meeting to take care of matters required of the board. The first of these was the election of an Admissions Committee, as required by the Bylaws. There had been in effect an interim Admissions Committee operating for some months, headed by Wendell A. Milliman, FSA, FCA, as Chairman and Reuben I. Jacobson, FSA, FFAA, Lauren J. Lutz, John S. Rudd, Jr., FCA, and Harold W. Schloss, FCAS, as members of the Committee. This group was selected as the Admissions Committee.<sup>11</sup>

The board also authorized several committees, namely, the Education and Examination Committee, Professional Conduct Committee, Nominating Committee, Public Relations Committee, and Accreditation Committee. The president immediately announced two committee appointments. On the Education Committee he appointed Paul T. Rotter, FSA, Chairman, Norman J. Bennett, FCAS, Henry F. Scheig, FSA, FFAA, H. Raymond Strong, FCA, and Wendell A. Milliman, FSA, FCA, Ex-officio. On the Professional Conduct Committee he appointed William E. Groves, FCA, Chairman, Dorrance C. Brownson, FSA, FCA, Mary M. Cusic, FSA, FFAA, and Thomas E. Murrin, FCAS.<sup>12</sup>

The board decided that because the Academy was an unincorporated association no dues should be levied at this time. One of the reasons for this was that dissolution of an unincorporated association was simpler if it had no assets.<sup>13</sup>

The next meeting of the board was set for Dec. 6, 1965, and the first annual meeting of the Academy would be held in the fall of 1966 in conjunction with the annual meeting of one of the four actuarial organizations.<sup>8</sup>

The board decided to leave to the decision of the President the location of a temporary office of the Academy.<sup>14</sup>

The interim Admissions Committee was prepared to make a report as the newly appointed Admissions Committee and stated that the senior members of the four actuarial organizations residing in the United States would be notified of their automatic membership in the Academy subject to their right to decline such membership prior to Dec. 24, 1965. Non-fellow members of the four actuarial organization who reside in the United States would be given an opportunity to apply for membership subject to completion of a simple application setting forth affiliation and experience. Application for membership in the Academy for actuaries who were not members of the four organizations would involve more detailed information about experience, education, college grades, recommendations, and possibly an examination to cover basic knowledge and comprehension.<sup>14</sup>

The Professional Conduct Committee had already been at work and distributed copies of a preliminary code of ethics, which was an essential part of the admissions procedure because those who were not members of any organization would be asked to subscribe to this code of ethics in their applications.

Obviously, in addition to accreditation, standards of the profession and actuaries' relationship with each other and with the public were an important element in the establishment of the Academy.

DECEMBER 1965

The board decided that copies of the articles of Association and Bylaws should be sent to the members of the four actuarial organizations as soon as possible. This was done by the secretary through a communication to all members of the four organizing bodies on Nov. 12, 1965. Included was a summary of all actions taken in organizing the Academy and at the board meeting held on Oct. 25, 1965, as well as pertinent information about applications for membership.<sup>16</sup>

At the meeting of the board of directors on Dec. 6, 1965, Mr. Rood announced that the decision on the location of the office was that it would be shared with the Society of Actuaries in Chicago.<sup>17</sup>

At this meeting the president confirmed the appointment of a committee on state accreditation, consisting of Andrew C. Webster, FSA, Chairman, Daniel J. McNamara, FCAS, Albert Pike, Jr., FSA, and Richard S. Walsh (a Metropolitan Life attorney). This committee's responsibility was to pursue the whole matter of the problems of getting the necessary action in the various states for achieving professional status for actuaries. It was soon to find that these problems were fully as complex, if not more so, than the problem of getting a federal charter for the Academy.

At this meeting also Mr. John Miller reported on the progress of the federal charter stating that nothing had been done toward the passing of the bill in the House of Representatives since the organizing meeting of the Academy. The board decided that it should review the situation on March 1, 1966, and discuss at that time what action should be taken with respect to incorporating in a state if no federal charter was forthcoming by that time. It was decided also that if incorporation in a state appears advisable, the Academy would be incorporated in the state of Illinois.

Also, that in the event of incorporation in the state of Illinois the incorporators would be the present president, president-elect and four vice presidents and that the present officers and directors would be listed as directors in the Articles of Incorporation.

The Committee on Professional Conduct under the chairmanship of William Groves presented its recommendation on Guides to Professional Conduct for the Academy. At the first meeting of the Board on Oct. 25, 1965, it had been decided that applicants who were not already Fellows or junior members of one of the four sponsoring actuarial organizations would be required to subscribe to these Guides to Professional Conduct

when they applied for admission to membership. Hence, the adoption of a Code of Professional Conduct was immediately necessary. The proposed guides were carefully reviewed by the Board and after several minor changes were adopted unanimously.

The report of the Admissions Committee, Wendell Milliman, Chairman, indicated a large volume of work and the need for a full-time staff assistant in the Academy office. The work would begin to be increasingly large and complex inasmuch as applications would be required from anyone (even Fellows) after Dec. 24, 1965. The Committee had prepared application blanks for the various categories of applicants and had prepared tentative policies and procedures to be followed in the admissions work, which was a formidable task, indeed. In addition to applications there were many, many letters of inquiry.<sup>18</sup>

At this meeting the Board also established an application fee of \$10.00. Also, it established dues of the Academy for the calendar year beginning Jan. 1, 1966, at \$10.00. Since the new Academy was now to have money of its own, the Board authorized the officers to open bank accounts, etc. The board also authorized the purchase of insurance to protect Academy members against personal liability resulting because of membership in the Academy.<sup>19</sup>

On Dec. 31, 1965, a communication was sent by the secretary to all members of the four sponsoring organizations enclosing a copy of the “Guides to Professional Conduct” adopted at the Dec. 6, 1965, meeting of the Board and announcing the annual dues for 1966. No dues were payable during 1965.<sup>20</sup>

On Feb. 16, 1966, a hearing lasting several hours had been held on the Academy bill for a federal charter. Witnesses for the Academy were well received and no adverse witnesses appeared and no one raised any objections to the bill.<sup>21</sup>

On April 12, 1966, President Rood wrote to the members of the board of directors that inasmuch as the “deadline” of March 1, 1966, which the board had established on Dec. 6, 1965, to consider alternative actions on the part of the Academy in the event of Congress failure to act favorably on the bill granting a federal charter, he had, on a trip to Washington, discussed the situation with Congressman Rogers, Chairman of the Subcommittee of the Judiciary Committee, which was considering the bill and

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with Mr. Benjamin Zelenka, Counsel of the Judiciary Committee. It was evident, Mr. Rood reported, that no action would be taken at least until late 1966. After gaining an opinion from these gentlemen that they believed there would be no adverse effect on the possibility of passage should the Academy go ahead and obtain incorporation under a state statute, it was Mr. Rood's desire to apply immediately for incorporation in Illinois so that all would be in readiness for the board to hold an organizational meeting of the Illinois Corporation with the same board of directors and officers as had been conditionally decided upon at the Dec. 6, 1965, meeting of the board. A board meeting was already scheduled for April 29, 1966, in Washington, D.C.<sup>22</sup>

The board members concurred fully, and incorporation papers were filed with the Illinois Secretary of State on April 26, and on the following day word was received that a Certificate of Incorporation had been issued by him.

At the board of directors meeting on April 29, 1966, the following resolution was unanimously adopted:

“WHEREAS, the Bylaws of this Academy contemplated the incorporation of a body which would have objects and purposes similar to those of this Academy, and

“WHEREAS the Bylaws of this Academy in clause (1) of Section 5 of Article 3, authorized the board to vote to revoke the Articles of Association and transfer all rights to the name of this Academy to such corporation when and if such were organized, and

“WHEREAS, the power is given to the board to administer the funds of the Academy, and

“WHEREAS, there is now organized and in existence the American Academy of Actuaries, a corporation organized under the General Not For Profit Corporation Act of the State of Illinois (hereafter called the ‘Corporation’) which has objects and purposes similar to those of this Academy,

APRIL 1966

RESOLVED: First, that all rights in and to the name 'American Academy of Actuaries' possessed by this Academy are hereby transferred and relinquished to the Corporation;

Second, that all assets of this Academy shall be set over and transferred to the Corporation upon receipt of instructions from the Secretary of the Corporation assuming all liabilities of this Academy;

Third, that for the purpose of accomplishing the intents of this Resolution, the incumbent officers of this Academy are authorized to do all acts reasonably necessary to give effect to this Resolution and shall have and hold the rights, privileges and duties of office in this Academy beyond the time of its dissolution to the full extent permitted by law; and

Fourth, that the Articles of Association of this Academy shall be dissolved and the existence of this Academy shall terminate at such time as its assets are transferred to the Corporation.”<sup>23</sup>

This technically ended the unincorporated organization of the American Academy of Actuaries founded in Montreal on Oct. 25, 1965.<sup>24</sup>

Immediately following the dissolving of the unincorporated organization, the Academy continued to function under an Organization Meeting of the American Academy of Actuaries, an Illinois General Not For Profit Corporation. The Incorporators were: Henry F. Rood, William E. Groves, Thomas E. Murrin, Laurence A. Langley-Cook, John H. Miller, and Frank J. Gadiant.<sup>25</sup>

Those present for the first meeting of the Illinois Corporation were: Edward D. Brown, Jr., Robert E. Bruce, George M. Bryce, Donald F. Campbell, Gilbert W. Fitzhugh, Frank J. Gadiant, William E. Groves, Victor E. Henningsen, Walter Klem, William Leslie, Jr., Laurence H. Langley-Cook, Daniel J. McNamara, Norton E. Masterson, John H. Miller, Wendell A. Milliman, Thomas E. Murrin, Joseph Musher, Robert J. Myers, Henry F. Rood, Walter L. Rugland, Andrew C. Webster from the board of directors and Paul T. Rotter, FSA, and Richard S. Walsh, an attorney of the Metropolitan Life Insurance Company who served as counsel on legal matters.<sup>26</sup>

Mr. Henry Rood was again selected to conduct the meeting as temporary chairman, and he appointed George Bryce as temporary secretary.<sup>27</sup>

New Bylaws had been prepared and circulated to the board prior to the meeting. After full discussion resulting in several changes, the Bylaws were unanimously adopted.<sup>28</sup>

Then followed the naming of 18 members to the board of directors, the same as those of the unincorporated Academy. The board then elected as officers of the Academy the same persons as had served in the respective positions in the unincorporated body.<sup>29</sup>

The board then proceeded to formally accept the assets, etc. of the unincorporated Academy through the following resolution:

“RESOLVED That this Academy will and hereby does accept the assets of the American Academy of Actuaries, an unincorporated voluntary association, and by accepting such assets binds itself to discharge all debts of and claims against said association of whatsoever kind and nature and the officers of this Academy are hereby authorized to do all acts reasonably necessary to this end.”

It was further resolved that the principal office of the Academy be located at 208 South LaSalle Street, Chicago, Illinois (same as Society of Actuaries).

The Admissions Committee was reelected with its same members.

A new committee was established by the board of directors under the name Review and Evaluation Committee. The responsibility of this Committee was as follows:

“For the purpose of determining compliance of examinations with the requirements of the Bylaws, a Review and Evaluation Committee shall be elected by the board of directors. It shall consist of one member representing each of the four actuarial organizations referred to in Article 1, Section 2(i), of the Bylaws (selected after consultation with the president of the representative organization). A fifth member from the field of higher education shall be elected by the board based on a nomination by the other four elected members.”<sup>30</sup>

Those elected to this Committee were: Walter L. Rugland, Chairman, representing the Fraternal Actuarial Association, Paul T. Rotter, representing the Society of Actuaries, William J. Hazam, representing the Casualty Actuarial Society and H. Raymond Strong, representing the Conference of Actuaries in Public Practice. (Later a fifth member, Daniel McGill of the Wharton School of Finance, was added.)

In the weeks and months which were to follow it was seen that this Review and Evaluation Committee and the Education and Examination Committee were required to “hammer out” some knotty problems between the sponsoring organizations and the new Academy in resolving philosophy and practice in the education requirements for admission to the Academy.

At this meeting, also, Andrew Webster, Chairman of the Committee on State Accreditation, reported on conferences with officials in the State of New York where it was found that earlier evidences of willingness to cooperate to establish accreditation of qualified actuaries was proving to be very difficult as a practical matter. For example, it was pointed out to Mr. Webster’s Committee that it was not possible to include in any Model Bill or legislative measure a reference to the American Academy of Actuaries since “this would be taking away a power that belonged to the state—namely, that of holding examinations to qualify an individual for profession.” Mr. Webster’s committee was informed that any statute would need to reserve this power to the state—in this case to the Board of Regents—and that in practice the Commissioner of Education would avail himself of examinations made available by a recognized national organization (e.g. CPAs) but he was not compelled to do so.<sup>31</sup>

The result of these conferences was that officials in New York suggested licensing of actuaries rather than certification. This was not what actuaries had in mind, and Mr. Webster’s Committee then was back to the earlier deliberations of the Bowles subcommittee on Accreditation in 1963 and 1964. At that time, during which many local actuarial clubs were discussing the need to organize the Academy, it was pointed out that professional recognition could be attained through any of four possibilities:

“Licensing—Formal permission from governmental authorities without which an individual may not carry on a specified business or profession. Lawyers and doctors are licensed.

Certification—Documentary evidence that an individual has met governmental prescribed standards of professional knowledge. Certification may be a prerequisite to certain acts or activities. For example, the requirement that certain documents can be certified to only by a Certified Public Accountant does not prevent noncertified accountants from acting in other capacities in the field of accounting.

Accreditation—Designation by a governmental agency or other authority of an individual as one qualified to act in a professional capacity in defined areas, for example, to sign valuation certificates.

Registration—Licensing or certification may involve the maintenance of an official register leading to such designations as ‘Registered Professional Engineer.’ (This is probably common to all forms of recognition.)”<sup>32</sup>

Mr. Webster reminded the board that at those meetings it was stated that once the Academy was in operation, it would be expected that the federal and state agencies which deal with actuaries would be asked to require certification by “certified” actuaries on all important actuarial documents. Further, that in February 1964, a circular letter was sent to the members of the four actuarial bodies and in this letter it was stated that the accreditation - certification route would be followed. The Committee would be reviewing the whole matter again, Mr. Webster reported.

The Committee on Education and Examination, Paul Rotter, Chairman, reported that a lot of work had been done in connection with an examination which might be used when required by the Admissions Committee. This was to prove to be a very hard “nut to crack.”

Following the April 29, 1966, meeting, the secretary sent a communication dated May 31, 1966, to all members of the Academy informing them of the reorganization under an Illinois charter and that all members were automatically members of the new Academy.

In Secretary Bryce’s communication of May 31, he stated that membership exceeded 1,500. These, of course, were the Fellows of the four sponsoring bodies who were automatically admitted upon payment of dues and who had not declined membership.

MAY 1966

In a communication to the board of directors on Oct. 11, 1966, the Admissions Committee reported that 792 applications had already been received at the office of the Academy. Of these, almost 80 percent had been approved for admission under guidelines established by the committee and under procedures approved by the board. It was evident that an increasing percentage of the balance and of those applications which would be pouring in over the next months would be less clear-cut in terms of applicants meeting the education and experience requirements set forth in the Bylaws. There were such questions as: “Does teaching actuarial science over a five-year period constitute the fulfillment of ‘engaging in responsible actuarial work’ over the years?” and “What about actuaries who were members of one of the sponsoring actuarial bodies but who were residents and performed actuarial duties outside of the U.S.A.?”

The committee was also concerned with the very sensitive problem of those practicing consultants who were obviously engaged in actuarial work but who had little by way of background in formal actuarial education to set forth. It needed to place a judgment on each individual case as to what is “responsible actuarial work.”

The next meeting of the board of directors was held on Oct. 29, 1966. In the interim, the officers and several committees were engaged in carrying out their several responsibilities. Perhaps the busiest was the Admissions Committee.

The secretary reported that membership in the Academy totaled 2,049. The treasurer reported that as of Oct. 24, total assets were \$13,316.08 and asked for authority to invest some of the money in treasury bills or notes. The dues for the calendar year 1967, payable on Jan. 1, were set at \$10.<sup>33</sup>

The Review and Evaluation Committee made its first report to the board. Walter Rugland, Chairman, referring to the By-law requirement that for admission to membership after Jan. 1, 1970, a candidate would be required to have passed a series of examinations given by the Academy or other examinations recognized or accepted by the Academy, reported that it appeared impractical for the Academy to have its own separate set of examinations and that possibly a solution would be to have examinations up to some point sponsored jointly by the Academy, the four national actuarial organizations and the Canadian Institute of Actuaries. The board authorized the expansion of the committee to include an observer from the Canadian Institute and one from the field of higher education.<sup>34</sup>

The Education and Examination Committee reported progress in the preparation of examinations that could be used by the Admissions Committee prior to Jan. 1, 1970 in case of borderline candidates for admission to membership.<sup>35</sup>

The Professional Conduct Committee, considering the subject of advertising by actuaries, reported that there was difficulty in establishing consensus on the problem of solicitation; this was a particularly touchy problem for actuaries in public practice. A related problem was the provision in the By-laws relating to the resignation and discipline of members. The board adopted a proposed revised amendment on the matter for submission to the membership.<sup>36</sup>

On the matter of a federal charter for the Academy John H. Miller reported that there had been no progress. Congress had adjourned and the bill to provide a federal charter for the Academy had not been reported out by the House Judiciary Committee. He indicated that as an established corporation of a state the Academy might have a better chance for a federal charter at some future date but that in all probability such a charter would be granted by some administrative body rather than by Congress. The conclusion of the Board was that they should “abide our time and await development.”<sup>37</sup>

Andrew Webster, Chairman of the State Accreditation Committee, reported that efforts were being made to conform a model bill for accreditation of actuaries that would fit the requirements of various states and that legislation might be introduced in a number of states within the next few months.<sup>38</sup>

The Admissions Committee, under the direction of Wendell Milliman, Chairman, reported that hundreds of applications were being received for membership in the new Academy. Applicants ranged all the way from obviously qualified to clearly unqualified. The committee faced very difficult decisions: e.g., since a period of experience in actuarial work is required, did college professors of actuarial science meet the requirements? In these and other cases the need for special examinations, written or oral, was apparent.<sup>39</sup>

OCTOBER 1966

Other matters of importance considered at this board meeting were: (a) the publication of a yearbook including a listing of members; (b) a seal for the Academy; (c) certificates of membership; (d) a motto; and (e) the advisability of the use of some initials to designate membership in the Academy. The only decision on these matters was to authorize the treasurer to proceed with arrangements to print the yearbook.<sup>40</sup>

The first annual meeting of the American Academy of Actuaries was held at The Americana Hotel, Bal Harbour, Florida, on Oct. 31, 1966. The Society of Actuaries was holding its annual meeting at the same hotel and adjourned its morning session to permit the Academy to hold its meeting at noon.

President Henry Rood presided. The Secretary reported to the membership that membership in the Academy totaled 2,136. He also reported on the actions of the board of directors in its meetings since Oct. 25, 1965.

The Nominating Committee, Victor E. Henningsen, Chairman, reported that under the By-laws it was necessary at this first annual meeting of the members, that 18 members be elected to the board of directors.

The committee proposed a slate of 18 directors, 17 of whom had been elected at the organizational meeting held in Montreal on Oct. 25, 1965.

Those elected were:

<u>THREE-YEAR TERM</u>	<u>TWO-YEAR TERM</u>	<u>ONE-YEAR TERM</u>
Donald F. Campbell	William E. Groves	Edward D. Brown, Jr.
Gilbert W. FritzHugh	Victor E. Henningsen	George B. Buck, Jr.
Walter Klem	William Leslie, Jr.	Frank Harwayne
Robert J. Myers	Daniel J. McNamara	Allen L. Mayerson
Paul T. Rotter*	Walter L. Rugland	Wendell A. Milliman
Mary Cusic Wilson	Andrew C. Webster	Joseph Musher

\* Paul T. Rotter, FSA, replaced Norton E. Masterson, who was elected secretary at the board meeting immediately following adjournment of the membership meeting.<sup>41</sup>



On the matter of accreditation of actuaries, which was one of the principal objectives in the founding of the Academy, President Henry Rood reported that the Committee for State Accreditation was actively pursuing this matter. He stated the hope that legislation might be introduced in eleven states within the next few months. Also, that the president of the National Association of Insurance Commissioners had appointed a committee to study the question of accreditation of actuaries with James H. Hunt, Commissioner of Insurance in New Hampshire, as Chairman. Mr. Hunt was an actuary and a member of the Academy.<sup>42</sup>

As the first annual meeting of the members of the Academy adjourned, Thomas E. Murrin, the president-elect, assumed the office of president. Henry Rood, who had played such a leading role in the founding of the Academy and through its first year of existence, assumed the office of immediate past president.

Following adjournment of the membership meeting, the annual meeting of the board of directors was convened with Thomas E. Murrin presiding. All members of the board were present.<sup>43</sup>

Victor Henningsen, Chairman of the Nominating Committee, presented the committee's recommendations for officers of the Academy for the next year. The board thereupon elected the following to serve until the next annual meeting of the members of the Academy:<sup>44</sup>

<u>President-Elect</u>	John H. Miller
<u>Vice Presidents</u>	
Two-Year Term	Laurence H. Langley-Cook Frank J. Gadiant
One-Year Term	H. Raymond Strong Andrew C. Webster
<u>Secretary</u>	Norton E. Masterson
<u>Treasurer</u>	Robert E. Bruce

The board re-elected the same individuals who were already serving to the Review and Evaluation Committee and the Admissions Committee.<sup>45</sup>

## Bibliography

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- 3 Minutes of the Organization Meeting of the American Academy of Actuaries, Oct. 25, 1965.
- 4 Ibid.
- 5 Proposed Articles of Association of the American Academy of Actuaries (Draft of Oct. 20, 1965).
- 6 Minutes of the Organization Meeting of the American Academy of Actuaries, Oct. 25, 1965.
- 7 Ibid.
- 8 Ibid.
- 9 Ibid.
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- 11 Minutes of the meeting of the board of directors of the American Academy of Actuaries, Oct. 25, 1965.
- 12 Ibid.
- 13 Ibid.
- 14 Ibid.
- 15 Ibid.
- 16 Letter from George Bryce, Secretary, to all members of the Casualty Actuarial Society, The Conference of Actuaries in Public Practice, The Fraternal Actuarial Association, and the Society of Actuaries, Nov. 12, 1965.
- 17 Minutes of the meeting of the board of directors of the American Academy of Actuaries held in New York City on Dec. 6, 1965.
- 18 Ibid.
- 19 Ibid.
- 20 Letter from George Bryce, Secretary, to all members of the Casualty Actuarial Society, The Conference of Actuaries in Public Practice, The Fraternal Actuarial Association, and the Society of Actuaries, Dec. 31, 1965.
- 21 Letter from Henry Rood, President, to the board of directors, April 12, 1966.
- 22 Ibid.
- 23 Minutes of the meeting of the board of directors of the American Academy of Actuaries, an Unincorporated Association, held at the Mayflower Hotel, Washington, DC, on April 29, 1966.
- 24 Ibid.
- 25 Minutes of the Organization Meeting of the American Academy of Actuaries, an Illinois General Not For Profit Corporation, held in the Pan American room of the Mayflower Hotel, Washington, DC, on April 29, 1966.
- 26 Ibid.
- 27 Ibid.
- 28 Ibid.

- 29 Ibid.
- 30 Letter from George Bryce, Secretary, to Walter L. Rugland, dated May 6, 1966. (Note: Mr. Bryce refers to the “original purpose of this committee.” Apparently, in the early drafts of the proposed By-laws for the Academy representatives from the Conference of Actuaries in Public Practice had insisted that open-book and oral examinations be included as part of the procedure on examinations of education requirements of those candidates for membership in the Academy who had not passed the necessary examinations of the Society of Actuaries or the Casualty Actuarial Society.).
- 31 Report of the Committee on State Accreditation to the board of directors, April 29, 1966.
- 32 Ibid.
- 33 Minutes of the meeting of the board of directors of the American Academy of Actuaries on Oct. 29, 1966.
- 34 Ibid.
- 35 Ibid.
- 36 Ibid.
- 37 Ibid. (Note: From more than one source of information the author of these notes has been given to understand that if the organizers of the Academy had placed the matter of a federal charter into the hands of the law firm in which the chairman of the Judiciary Committee had an interest, a federal charter would have been forthcoming.)
- 38 Ibid.
- 39 Ibid.
- 40 Ibid.
- 41 Minutes of the first annual meeting of the members of the American Academy of Actuaries held on Oct. 31, 1966.
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- 43 Minutes of the annual meeting of the board of directors of the American Academy of Actuaries held Oct. 31, 1966.
- 44 Ibid.
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To The Actuaries in United States

February 14, 1964

Representatives of the four American actuarial bodies:

Casualty Actuarial Society  
Conference of Actuaries in Public Practice  
Fraternal Actuarial Association  
Society of Actuaries

have been making plans to organize a new actuarial body, the American Academy of Actuaries, with the expectation that membership in the Academy may be recognized as a satisfactory standard of accreditation for an actuary. Copies of the proposals regarding Charter, Bylaws, Committees, and Election Procedure are attached.

In the month of March many of the local and regional actuarial clubs will hold meetings to discuss these proposals. There will be a discussion leader at each meeting who will outline the plans for accreditation and be prepared to answer questions. After the meetings the Joint Committee will review all suggestions and submit a revised plan to all of you.

It is hoped that copies of the revised plan can be submitted in time so that the various actuarial bodies will be able to take formal action on it at their Spring meetings. The Society of Actuaries has Spring meetings scheduled in Boston, Chicago, and Portland. The Fraternal Actuarial Association has a meeting in Chicago in April, and the Casualty Actuarial Society meets in Portsmouth, New Hampshire in May. The Conference may call a special meeting of its members late in April.

If the boards and the members of the four actuarial bodies approve the plan, the Committee will then be in a position to go forward and try to obtain a Federal Charter. However, obtaining a Charter and organization of the Academy are only the first steps toward accreditation. The next step will be to attempt to have legislation passed in each state providing for certification of actuaries.

The Joint Committee has also prepared a draft of model legislation which sets forth qualifications for actuaries, provides for certification and registration of actuaries, and provides specifically, "After January 1, 19 , no individual shall engage in the public practice of actuarial science or shall represent himself as an actuary within the meaning of this act unless he is certified and registered under the provisions of this act." This does not forbid others from practicing actuarial science for employers such as insurance companies or consulting actuarial firms. However, it would prevent them from performing some duties--for example, certifying certain reports.

The proposed act provides for a Board of Examiners whose function it is to examine applicants for certification as actuaries. This Board is assisted by an Advisory Board, all of whom will be members of the Academy of Actuaries and who will be broadly representative of the various fields of actuarial science.

The Bill sets forth qualifications for an actuary. Annual examinations are provided for. The Board of Examiners may accept, in lieu of such examinations,

membership in the Academy. Until January 1, 19 , the Board may waive the examination requirement for an individual who has had professional experience in rendering actuarial services of a grade and character satisfactory to the Board. Registration by the actuary and payment of a fee would be required every two years. A registered actuary may call himself a "certified actuary" and append to his name the initials "C.A."

Until it is possible to pass legislation, departments in some states may wish to issue an administrative order requiring that a report to be filed with the particular department must be signed by an accredited actuary. A draft of such an administrative order has been prepared.

The requirements for accreditation as set forth in the administrative order require that the applicant must be either a member of the American Academy of Actuaries or a college graduate of a four-year course in mathematics and statistics who has been engaged in the practice of actuarial science of a grade and character satisfactory to the department. Until January 1, 19 , accreditation may be granted solely on the basis of satisfactory experience.

The proposals for membership in the Academy are the result of great study and discussion. It was felt that the ultimate goal should be high enough to satisfy the Federal and various state governments that the public would be adequately protected. This should include an experience requirement as well as the demonstration of knowledge by examination. On the other hand, it was agreed that the majority of those now engaged in actuarial work who have demonstrated their competence, however attained, should be included in the membership of the Academy. The requirements for membership will be covered in the Bylaws. They have not been included in the attached material as they are still subject to approval of the various boards.

There is no thought that the Academy will replace any of the existing organizations. It is expected that its meetings will be for business only and that there will be no papers or discussions to be printed.

It is imperative that something be done about accreditation immediately. We have no one standard which can be pointed to as the standard or the identification mark of an accredited actuary. We have been complacent and have assumed that anyone needing actuarial knowledge or certification would come for it to those who in our opinion have those qualifications.

Individuals without actuarial qualifications are calling themselves actuaries and we have been doing nothing to prevent it. We have permitted organizations which have no actuaries associated with them to call themselves actuarial consultants. Individuals certified in other fields have felt free to express opinions on actuarial matters.

Perhaps a review of developments in recent years will better point out the need for immediate action on our part:

1. The Federal Welfare and Pension Plans Disclosure Act requires that the administrator of a plan sign and publish an annual report, the information therein to be "sworn to by the administrator, or certified to by an independent certified or licensed public accountant." The information required for funded pension benefit plans includes "the type and basis of funding, actuarial assumptions used, and the amount of current and past service liabilities." This is primarily an actuarial report, but there is no requirement that it be prepared or certified by a competent actuary. Furthermore, since the certified accountants are recognized, the actuary is on the defensive when questions involving both accounting and actuarial considerations arise under these disclosures.
2. The Securities and Exchange Commission requires and recognizes certain qualifications for accountants who are to certify financial statements of insurance companies with which the Commission is concerned. There is no such recognition of actuaries.
3. In recent years the independent public accountants have been working diligently and aggressively to get themselves recognized in insurance company accounting and in reports to stockholders. These accountants have felt it necessary to disclose the areas in which the NAIC association statements do not conform to generally accepted accounting practices used in commercial and industrial firms. These disclosures, often given without complete, technical explanations, seem to infer that life insurance accounting is improper in the areas mentioned. Some of the more aggressive accountants undoubtedly would like to change life insurance accounting to conform to the accounting procedures used by other industries. Also, since there has been no official certification of actuaries, independent accountants have felt free to comment on items which are purely actuarial in nature.
4. The Financial Analysts Federation recently issued a report regarding the adequacy of stock life insurance company annual reports to stockholders. This report was critical of life insurance company reports since they did not conform to reports issued by industrial and commercial companies. Also, this Federation strongly applauded an annual C.P.A. certification of life insurance company financial statements but made no reference to certification by a competent actuary.
5. In most states the necessary qualifications of an actuary are not well defined. Some of the areas in state regulation which involve actuaries are:
  - (a) Who is qualified to sign a life insurance company annual statement as "Actuary"?
  - (b) Who is qualified to certify the accuracy and adequacy of a company's reserve liabilities?

- (c) Who is qualified to determine the actuarial assumptions in state employee pension and benefit plans?

The successful organization of the Academy of Actuaries requires the full cooperation of all actuaries. There is some element of compromise, both in the initial requirements for membership and in the agreement on the part of all concerned that after a certain period of time both experience and the completion of examinations will be required for new members.

The Joint Committee urges you to read the enclosed material carefully and to express your views at an actuarial club meeting. If you are unable to attend such a meeting, please write and express your views to any of the undersigned committee members. It may not be possible to reply to all of the letters, but every suggestion will be carefully reviewed before another draft of the proposal is prepared.

Joint Committee on Organization of the  
Actuarial Profession

L. H. Longley-Cook  
Frank Gadiant  
H. Raymond Strong  
Henry F. Rood, Chairman

Encls.

February 14, 1964

APPENDIX A

PROPOSED FEDERAL CHARTER

Section I. Corporation created.

The persons named below and their associates and successors are created a body corporate by the name of "American Academy of Actuaries" (hereinafter referred to as the "Academy") and by such name shall be known and have perpetual succession and the powers and limitations contained in this act.

The Incorporators

Name.

Address

(About 35 actuaries selected to represent various interests and geographical areas.)

This group consists of individuals who are members of one or more of the following organizations:

Society of Actuaries  
Casualty Actuarial Society  
Conference of Actuaries in Public Practice  
Fraternal Actuarial Association

Section II. Completion of organization.

A majority of the persons named in Section I of this act, or their successors, are authorized to meet to complete the organization of the Academy by the adoption of Bylaws, by the election of Officers and Directors to serve until the close of the first annual meeting of the Academy, and by doing all other things necessary to carry into effect the provisions of this act.

Section III. Objects and purposes of Academy.

The objects and purposes of the Academy shall be:

- (1) To advance the knowledge of actuarial science, through educational programs and the interchange of information among actuaries;
- (2) To establish, promote and maintain high standards of conduct and competence within the actuarial profession;
- (3) To provide for the interchange of information among the various actuarial organizations;
- (4) To encourage the coordination of efforts of the organizations named in Section I of this act;
- (5) To cooperate with Government agencies in establishing and maintaining standards for accreditation of actuaries.

In furtherance of these ends it may promote activities to recruit and educate those who desire to become actuaries and to undertake such other activities as may seem desirable.



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Section IV. Powers of Academy.

The Academy shall have the following powers:

- (1) To adopt, amend and administer Bylaws, not inconsistent with the laws of the United States or any state, territory or possession of the United States in which the Academy is to operate, for the management of its property and the regulation of its affairs;
- (2) To adopt, use and alter a corporate seal;
- (3) To choose such officers, managers, agents, employees as the business of the Academy may require;
- (4) To sue and be sued, complain and defend in any court of competent jurisdiction;
- (5) To contract, and be contracted with;
- (6) To transfer, lease or convey real or personal property;
- (7) To take and hold by lease, gift, purchase, grant, devise, bequest, or otherwise, any property, real or personal, necessary for carrying into effect the purposes of the Academy, subject to the applicable provisions of law of any State (a) governing the amount or kind of real and personal property which may be held by, or (b) otherwise limiting, or controlling the ownership of real and personal property by a corporation operating in such state;
- (8) To borrow money for the purpose of the Academy, issue bonds, or other evidence of indebtedness therefor, and secure the same by mortgage or pledge, subject to applicable federal or state laws;
- (9) To do any and all acts necessary and proper to carry out the purposes of the Academy.

Section V. Principal office; territorial scope of activities.

- A. The principal office of the Academy shall be established at such place as its Board of Directors deems appropriate.
- B. The activities of the Academy may be conducted throughout the various states, territories and possessions of the United States.
- C. The Academy shall maintain at all times in the District of Columbia a designated agent authorized to accept service of process for the Academy, such designation to be filed in the Office of the Clerk of the United States District Court for the District of Columbia.
- D. Notice to, or service upon such agent, or mailed to the business address of such agent, shall be deemed sufficient notice of service upon the Academy.

Section VI. Membership; voting rights.

- A. Eligibility for membership in the Academy and the rights and privileges of Members shall, except as provided in this act, be determined according

APPENDIX A (3)

to the Bylaws of the Academy.

- B. Each Member shall be entitled to one vote.

Section VII. Governing body; composition; tenure.

The Academy shall be governed by a Board of Directors composed of not less than ten nor more than thirty-five persons. The method of election, term of office, and other matters pertaining to the Board of Directors shall be provided in the Bylaws.

Section VIII. Officers of Academy; powers and duties.

- A. The Officers of the Academy shall consist of a President, the number of Vice Presidents provided in the Bylaws, a Secretary, a Treasurer, and such other Officers as may be provided in the Bylaws.
- B. The Officers shall perform such duties and have such powers as the Bylaws and the Board of Directors may from time to time prescribe.

Section IX. Distribution of income or assets to Members; loans.

- A. No part of the income or assets of the Academy shall inure to any Member, Officer or Director, or be distributable to any such person; except that, the Board of Directors may from time to time employ such persons as it deems necessary to carry out the objects and purposes of the Academy and compensate them in the form of salary or otherwise for the services rendered or duties performed.
- B. The Academy shall not make loans to any Members or employees.

Section X. Nonpolitical nature of Academy.

The Academy and its Members, Officers, and Directors, as such, shall not contribute to or otherwise support or assist any political party or candidate for elective public office.

Section XI. Liability for acts of Officers and agents.

The Academy shall be liable for the acts of its Officers and agents when acting within the scope of their authority.

Section XII. Prohibition against issuance of stock or payment of dividends.

The Academy shall have no power to issue any shares of stock, or to declare or pay any dividends, or to engage in business for pecuniary profit.

Section XIII. Books and records; inspection.

The Academy shall keep correct and complete books and records of account. It shall also keep minutes of the proceedings of its Members, its Board of Directors, and committees having any authority under the Board of Directors. It shall also keep a record of the names and addresses of its Members.

APPENDIX A (4)

Section XIV. Audit of financial transactions; report to the Congress.

- A. Financial transactions of the Academy shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or by licensed public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States. The audits shall be conducted at the place, or places, where the accounts of the Academy are normally kept. All books, accounts, financial records, reports, files and all other papers, things, or property, belonging to, or in use by the Academy and necessary to facilitate the audits, shall be made available to the person, or persons, conducting the audits; and full facilities for verifying transactions for the balances or securities held by depositories, fiscal agents, and custodians shall be offered to such person, or persons.
- B. The report of such independent audit shall be submitted to the Congress not later than six months following the close of the fiscal year for which the audit was made. The report shall set forth the scope of the audit, and include such statements as are necessary to present fairly the Academy's assets and liabilities, surplus or deficit with an analysis of the changes therein during the year, supplemented in reasonable detail by a statement of the Academy's income and expenses during the year, together with the independent auditor's opinion of those statements.

Section XV. Use of assets upon dissolution or liquidation.

Upon final dissolution or liquidation of the Academy, and after the discharge or satisfaction of all outstanding obligations and liabilities, the remaining assets of the Academy shall be used by the Board of Directors for one or more of the purposes stated in Section III of this act.

Section XVI. Exclusive right to name and seals.

The Academy shall have sole and exclusive right to use the name "American Academy of Actuaries", and such seals as the Corporation may lawfully adopt.

Section XVII. Reservation of right to amend or repeal chapter.

The right to alter, amend, or repeal this act is expressly reserved to the Congress.

APPENDIX B

February 14, 1964

PROPOSED BYLAWS

Article 1 - Membership

Section 1. Members. Individuals having membership in the Academy shall be called "Members."

Members shall be entitled to vote, hold office, make nominations, and generally exercise the rights of full membership. They are authorized to designate themselves as Members of the American Academy of Actuaries. In all references to Members, words implying the masculine gender shall include the feminine gender.

Section 2. Requirements for Admission to Membership.

This Section has not had the final approval of the Boards of the various associations. It will be discussed at the meetings of the various actuarial clubs.

Article 2 - Meetings of the Members

There shall be an annual meeting of the Members each fall at such time and place as the Board shall designate.

The agenda of the meeting shall be as follows:

- (a) Approval of minutes of previous meeting;
- (b) Report of Officers;
- (c) Old Business;
- (d) New Business;
- (e) Elections;
- (f) Adjournment.

Special meetings of the Members may be called by the Board of Directors. One hundred Members shall constitute a quorum.

Notice of a meeting shall be given to each Member not less than twenty nor more than forty days before each meeting, specifying the place, date and hour of the meeting.

Article 3 - Board of Directors

Section 1. Composition. The Board of Directors, hereinafter called "The Board," shall consist of eighteen Elected Members, the Officers who may or may not be Elected Members, and the two immediate Past-Presidents, or the Past-President if there be only one.

WLR Historical Notes  
Appendix A

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Section 2. Election and Term of Office. As provided in Section II of the Charter of the Academy, a majority of the Incorporators of the Academy shall elect the first Board of Directors. The Directors so elected shall serve only until the close of the first annual meeting of the Academy.

At the first annual meeting of the Academy the Members shall elect eighteen Members as Elected Members of the Board for terms as follows: Six to serve for a period of three years; six to serve for a period of two years; and six to serve for a period of one year. At each annual meeting thereafter the Members shall elect six Members as Elected Members of the Board to serve for a period of three years. Specifically the term of office of a Director shall begin at the close of the annual meeting of the Academy at which he is elected and shall continue until the close of the annual meeting at the end of the term for which he was elected and until his successor shall have been elected. Members receiving the greatest number of votes shall be elected, provided the number of votes received is not less than one-third of those cast. A retiring Elected Member of the Board shall not be eligible for re-election as an Elected Member at the annual meeting at which his term expired, except that service of a Member as a Director for the interim period prior to the first annual meeting shall not make such member ineligible for re-election. A Past-President shall not be eligible for election as an Elected Member of the Board at the time at which his ex-officio membership on the Board as Past-President expires. If a vacancy occurs in the Elected Membership of the Board, it shall be filled for the unexpired term at the next annual meeting of the Academy.

Section 3. Meetings. There shall be an annual meeting of the Board within forty-eight hours after the close of the annual meeting of the Academy. Special meetings of the Board shall be called whenever the President or at least five members of the Board so request.

Meetings may be held either within or outside of the District of Columbia. Notice of a special meeting shall be sent to each member of the Board not less than ten nor more than thirty days before the time appointed.

During any interim between meetings of the Board, the President may obtain Board action by using mail ballots.

Section 4. Quorum. At meetings of the Board, one-third of the members of the Board shall constitute a quorum.

Section 5. Duties. The duties of the Board shall be in general to manage the affairs of the Academy, including without limitation the following:

- (a) To act in accordance with the provisions of the Charter of the Academy;
- (b) To establish the location of the principal office of the Academy;
- (c) To invest and administer the funds of the Academy;
- (d) To arrange for an annual audit of the accounts of the Treasurer;

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- (e) To prescribe examinations and other requirements for admission, as provided in Article 1, Section 2, of the Bylaws;
- (f) To elect the Officers of the Academy;
- (g) To approve applications for membership as required in the Bylaws;
- (h) To elect an Admissions Committee, a Committee on Review, an Evaluation Committee, and such other committees as it may deem necessary for the conduct of the affairs of the Academy.

Article 4 - Officers

Section 1. Officers. The Officers of the Academy, all of whom shall be Members, shall consist of a President, a President-Elect, four Vice-Presidents, a Secretary, and a Treasurer.

Section 2. Election and Term of Office. As provided in Section II of the Charter of the Academy, a majority of the Incorporators of the Academy shall elect the first Officers except that at this time no President-Elect shall be elected. The Officers so elected shall serve only until the close of the first annual meeting of the Academy. Service of a Member as an Officer for such interim period shall not make such Member ineligible for re-election as an Officer at the first annual meeting.

At the meeting of the Board immediately following the first annual meeting of the Academy, a President shall be elected by a vote of a majority of the Directors present.

At each annual meeting of the Board, the Directors present, by a majority of the whole Board shall elect, separately and in the order named, a President-Elect, two or more Vice-Presidents, a Secretary, and a Treasurer to serve from the close of the meeting.

At the meeting of the Board following the second annual meeting of the Academy and at the annual meeting of the Board in any subsequent year, if either (a) the President-Elect has succeeded the President and has served in that capacity for six months or more by reason of the office of President becoming vacant, or (b) the office of the President-Elect is vacant, except in the case where the President-Elect has succeeded to the office of the President and has served in that capacity for less than six months, the Directors present, by a majority of the votes cast, shall, prior to the election of the President-Elect, elect a President to serve from the close of such meeting of the Board until the close of the next succeeding annual meeting of the Board. Except as hereinafter provided, the President-Elect, having been so elected at an annual meeting of the Board, shall automatically succeed the President at the close of the first subsequent annual meeting of the Board and he shall serve as the President until the close of the second subsequent annual meeting of the Board. In the event the office of President becomes vacant, the President-Elect shall automatically succeed to fill the vacancy of the unexpired term. If the President-Elect so succeeds the President and serves in

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that capacity for less than six months prior to the close of the next annual meeting of the Board following his succession to the Presidency, he shall further serve as President until the close of the next subsequent annual meeting of the Board.

The term of two of the Vice-Presidents elected at each annual meeting of the Board shall be from the close of such meeting until the close of the second succeeding annual meeting of the Board. The term of any other Vice-Presidents elected at each annual meeting of the Board shall be from the close of such meeting until the close of the next succeeding annual meeting of the Board. The terms of the Secretary and the Treasurer shall be from the close of the annual meeting of the Board at which each is elected until the close of the next succeeding annual meeting of the Board.

Except as provided above, a retiring President shall thereafter be permanently ineligible for election for another term as President or President-Elect.

A retiring Vice-President shall not be eligible for re-election as a Vice-President at the meeting at which his term expires.

Each Officer shall hold office for the term for which he is elected and until his successor shall have been elected.

In the event of vacancy in the office of both the President and President-Elect, the Board of Directors shall by majority vote elect a Member to fill the vacancy for the unexpired term of the President.

In the event a vacancy occurs among the Vice-Presidents, or in the office of Secretary or Treasurer, the Board of Directors shall by majority vote elect a member to fill the vacancy for the unexpired term.

Article 5 - Duties of Officers

Section 1. President. The President shall preside at the meetings of the Board. He shall appoint special committees authorized by the Board. He may sign with the Treasurer, or any other person authorized by the Board, contracts or other instruments which the Board has authorized to be executed.

Section 2. President-Elect. The President-Elect shall have such duties as may be assigned to him by the President or Board. In the absence of the President, or in the event of his inability or refusal to act, the President-Elect shall perform the duties of the President's office.

Section 3. Vice-Presidents. Each of the Vice-Presidents shall have such duties as may be assigned to him by the President or Board.

Section 4. Secretary. The Secretary shall record and file minutes of all meetings of the Board; give all notices; be custodian of the corporate records of the Academy; and in general shall perform all customary duties incident to the office of Secretary.

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Section 5. Treasurer. The Treasurer shall keep a register of the Members; have charge of the preparation and publication of the Year Book; have general supervision of the arrangements for holding the examinations; have charge and custody of all funds and securities; collect dues; pay bills; prepare financial statements; and in general perform all customary duties incident to the office of Treasurer. The Treasurer shall give a bond for the faithful discharge of his duties, the cost of which shall be paid by the Academy.

Article 6 - 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 of Directors. Any Member who has become totally disabled or, who having attained age 65, notifies the Treasurer in writing that he has retired from active work, may be exempted from the payment of dues at the discretion of the Board. Any Member who has attained age 70 prior to the calendar year when dues are payable shall be exempted from the payment of dues.

It shall be the duty of the Treasurer to notify or 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. After three months from the time of mailing such notice if the dues remain unpaid, the Treasurer shall strike the name of such Member from the rolls and such Member shall cease to be a Member of the Academy. Such person may, however, again become a Member by applying for membership and by fulfilling the requirements for new Members in effect at the time of such application, including payment of such arrears of dues as the Board shall direct.

Section 2. Contracts. The Board may authorize any Officer to enter into any contract or execute and deliver any instrument in the name or on behalf of the Academy.

Section 3. Checks. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness shall be signed by an Officer of the Academy.

Section 4. Deposits. All funds of the Academy not otherwise employed or invested shall be deposited to the credit of the Academy.

Article 7 - Resignation and Discipline of Members

Section 1. Resignation. Any Member who is not in default in payment of dues and against whom no complaints or charges are pending may at any time file his resignation in writing with the Treasurer.

Section 2. Discipline. The Board shall have the power to consider and take action, as herein provided, with respect to all questions which may arise as to the conduct of a Member in his relations to the Academy or its Members, or in his profession, or in the practice thereof, or affecting the interests of the actuarial profession. The Board may, on its own initiative, investigate and take action with respect to any such question, and may also receive



and hear any complaint relating to the conduct of a Member preferred in writing and subscribed to by a Member. In the course of dealing with questions and complaints relating to the conduct of Members, the Board may appoint, from among the Members of the Academy, committees and boards vested with the powers specified herein;

- (a) Investigating committees empowered to investigate questions and complaints and to prefer charges against a Member.
- (b) Prosecuting committees empowered to prosecute charges against a Member at hearings before the Board or a disciplinary board.
- (c) Disciplinary boards empowered to hear evidence relating to questions and complaints and to make findings with respect to such evidence.

The procedures for such committees and boards shall be prescribed by the Board. The Board may retain counsel for the assistance of the Board and of committees and boards appointed by it.

In any hearing before the Board or a disciplinary board, a Member proceeded against shall have the right to appear personally and by counsel, to be informed of the nature and content of the question or complaint, to examine the evidence presented, to examine adverse witnesses, and to present witnesses and evidence in his behalf. Any Member preferring a complaint may appear personally and by counsel. Witnesses called in the course of hearings involving conduct shall vouch for the truth of their statements on their word of honor.

All proceedings under this Section, and all action taken with respect thereto, shall be deemed confidential and kept secret, except that the Board may, in its discretion, make written reports to the Academy concerning such proceedings and the results thereof and shall render an official written report to the Academy in all cases in which the Board orders the suspension or expulsion of a Member. In rendering such reports, the Board need not set forth the evidence upon which its decision is based.

In all proceedings under this Section, the Board shall decide, directly or upon review of the findings of a body appointed by it, whether or not misconduct has occurred. If the Board finds that misconduct has occurred, it may warn, admonish, reprimand, suspend, or expel the Member, provided that no order reprimanding, suspending, or expelling a Member shall be issued except after a hearing before the Board or a disciplinary board, and no order suspending or expelling a Member shall take effect unless and until confirmed at a meeting of the Academy by a vote of at least two-thirds of the Members present and voting.

The Board may, in its discretion, reinstate to membership at any time a Member suspended under this section, provided such action shall be reported at the next meeting of the Academy. The Board shall have the power to reinstate to membership at any time a Member who has been expelled under this section, provided that such action shall not take effect unless and until confirmed at a meeting of the Academy by a vote of a majority of the Members present and voting.

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#### Article 8 - Notice

The requirement that notice be given to Members or other persons shall be satisfied when a letter has been deposited in a United States Post Office mail box addressed to the last known address of such person.

#### Article 9 - Amendments

Amendments to the Bylaws proposed by a vote of two-thirds of the Directors present at a duly convened meeting of the Board shall be mailed forthwith to the Members and shall become effective thirty days after such mailing, unless 10% or more of the Members notify the Secretary in writing within that time that they disapprove of the proposal. Any proposal thus disapproved shall be presented to the next annual meeting of the Academy and shall then take effect if approved by a majority of those present.

APPENDIX C

February 14, 1964

PROPOSED COMMITTEES

1. Executive Committee

The Executive Committee shall be given authority to act for the Board between meetings except for those powers expressly retained for the Board.

2. Admissions Committee

Initially this will probably be the most important committee of the Academy. It will be its duty to set standards of admission in conformity with the By-laws and to pass upon all applications for admission except in those cases where members of existing bodies are automatically admitted as members.

Considerable judgment and tact will be required of the members of this Committee. They will have the responsibility of admitting only those who are qualified, but at the same time must be broad enough in their views so they will recognize actuaries who have achieved competence through experience as well as those who have completed examination requirements.

3. Education and Examination Committee

This Committee shall be responsible for examinations given by the Academy and the determination of the material to be covered by these examinations.

This Committee should include representatives from each of the present actuarial associations. It is expected that representatives from the Society of Actuaries and Casualty Actuarial Society will be selected from the Education and Examination Committees of those bodies.

4. Review and Evaluation Committee

For the purpose of determining compliance of examinations with the requirements of the Bylaws, a Review and Evaluation Committee shall be appointed. It shall consist of one member representing each of the four actuarial organizations referred to in Section I of the Charter (selected after consultation with the President of the representative organization), and a fifth member nominated by these four from the field of higher education.

5. Nominating Committee

It will be the duty of the Nominating Committee to make nominations for the various officers and for members of the Board of the Academy. Members of this Committee should be drawn from those with considerable seniority. Initially the immediate Past-Presidents of the four existing organizations might constitute the Nominating Committee. After the Academy has been in existence for several years, it is likely that Past-Presidents of the Academy will be chosen as some of the members.

6. Professional Conduct Committee

It will be the duty of this Committee to establish satisfactory guides of professional conduct. The present guides of the various actuarial organizations

APPENDIX C (2)

will serve as a base. It may be time, however, for an expansion of these guides.

It is not expected that this Committee will enforce the guides for professional conduct. That will be the responsibility of the Board or such investigating committees as it may appoint.

If all actuaries are members of the Academy and the ranks are closed to outsiders, it will be possible to establish and enforce appropriate guides of professional conduct. It will be important that these guides are followed by all Members if the members of the Academy are to merit the approval of the general public.

7. Legislative Committee

This Committee will be most important too, especially at the beginning. Its duties will be to seek accreditation at the national level and in all of the various states.

The present Legislative Subcommittees of the Joint Committee may serve as a nucleus of this Committee.

APPENDIX D

February 14, 1964

PROPOSED ELECTION PROCEDURE

The President, President-Elect, Secretary, and Treasurer should be elected from the members at large without reference to their particular interests. While it is desirable that there be representation of the different actuarial bodies, it would seem best to select the men for these offices who are best qualified from the entire group. Usually the President-Elect will be selected from persons who have served as Vice-Presidents.

Four Vice-Presidents should be selected with due regard to the various fields of activity such as:

- (a) Life Insurance Organizations;
- (b) Property and Casualty Insurance Organizations;
- (c) Actuaries in Public Practice;
- (d) Fraternal Beneficiary Societies.

The Board should represent the various interests in approximately the ratio of number of members engaged in those various actuarial pursuits.

It is suggested that all Members be given an opportunity to suggest persons for the Board, using a form similar to the attached. The Nominating Committee will then nominate one slate for the Board, giving consideration to the suggestions of the Members with due weight to those representing the various classifications and at the same time being careful to see that there is appropriate representation of each of the various interests involved as well as a geographical representation.

APPENDIX D (2)

SUGGESTIONS FOR NOMINATIONS FOR BOARD OF DIRECTORS

Classification of the Member Completing this Form

(If retired list previous classification)

Employee of Life Insurance Organization ☐

Employee of Property or Casualty Insurance Organization ☐

Actuary in Public Practice ☐

Employee of a Fraternal Beneficiary Society ☐

Other (Government, University, Etc.) ☐

Employees of Life Insurance Organizations (Nominate \_\_\_\_)

_____	_____
_____	_____
_____	_____

Employees of Property or Casualty Insurance Organizations (Nominate \_\_\_\_)

_____	_____
_____	_____
_____	_____

Actuaries in Public Practice (Nominate \_\_\_\_)

_____	_____
_____	_____
_____	_____

Employees of Fraternal Beneficiary Societies (Nominate \_\_\_\_)

_____	_____
_____	_____
_____	_____

Others (Government, Universities, Etc.) (Nominate \_\_\_\_)

_____	_____
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To All Actuaries

April 15, 1964

Attached is a revised draft of the Charter, Bylaws, Election Procedure, and Committee Structure for the proposed American Academy of Actuaries. This follows the same general pattern of the material mailed to actuaries in the United States on February 14, 1964.

The material previously distributed has been discussed at more than twenty actuarial club meetings and the suggestions made at those meetings have been carefully considered by the Joint Committee. A number of revisions have been made as the result of ideas expressed or questions raised at the club meetings.

It should be emphasized that this plan has been under consideration by various committees for several years and that the Joint Committee on the Organization of the Actuarial Profession has been working with a number of other actuaries and has retained legal counsel to assist it. The discussions at the club meetings have been most helpful as they have served to give many persons representing different points of view an opportunity to make suggestions. The response has been overwhelmingly in favor of moving forward as promptly as possible. There have been some differences of opinion as to some of the provisions, of course, but there has been a fine spirit of cooperation and it has been recognized by all that there must be compromises if we are to proceed promptly to have actuaries properly recognized.

It is suggested that the Academy of Actuaries be formed to serve as the basis for the accreditation of actuaries in the United States. It should be emphasized, however, that this new organization will not interfere with the activities of the existing actuarial organizations.

The enclosed material will be acted upon by the Boards of the Casualty Actuarial Society, the Conference of Actuaries in Public Practice, the Fraternal Actuarial Association, and the Society of Actuaries in the near future. It will also be presented at the Spring meetings of these four associations and the members will be given an opportunity to ask questions and express their views. If a substantial majority of the actuaries in this country favor the proposal, steps will be taken to complete the program.

Joint Committee on Organization of the Actuarial Profession  
Frank J. Gadiant  
L. H. Longley-Cook  
H. Raymond Strong  
Henry F. Rood, Chairman

Atts.

PROPOSED FEDERAL CHARTER

Section I. Corporation Created.

The persons named below and their associates and successors are created a body corporate by the name of "American Academy of Actuaries" (hereinafter referred to as the "Academy") and by such name shall be known and have perpetual succession and the powers and limitations contained in this act.

The Incorporators

Name	Address
Clarence L. Alford	Nashville, Tennessee
John C. Archibald	Des Moines, Iowa
Henry E. Blagden	Newark, New Jersey
Thomas P. Bowles, Jr.	Atlanta, Georgia
Dorrance C. Bronson	Washington, D. C.
Edward D. Brown, Jr.	Chicago, Illinois
Harley N. Bruce	Chicago, Illinois
George M. Bryce	Fort Wayne, Indiana
George B. Buck, Jr.	New York, New York
Donald G. Clark	Stamford, Connecticut
Harold E. Curry	Bloomington, Illinois
Mary M. Cusic	Rock Island, Illinois
Charles C. Dubuar	Albany, New York
John K. Dyer, Jr.	Philadelphia, Pennsylvania
Gilbert W. Fitzhugh	New York, New York
Frank J. Gadiant	Rock Island, Illinois
Walter C. Green	Salt Lake City, Utah
Frank L. Griffin, Jr.	Chicago, Illinois
William E. Groves	New Orleans, Louisiana
Frank Harwayne	New York, New York
William J. Hazam	Wakefield, Massachusetts
Victor E. Henningsen	Milwaukee, Wisconsin
Reinhard A. Hohaas	Greens Farms, Connecticut
Reuben I. Jacobson	Minneapolis, Minnesota
Wilmer A. Jenkins	New York, New York
Walter Klem	New York, New York
Meno T. Lake	Los Angeles, California
Edwin B. Lancaster	New York, New York
William Leslie, Jr.	New York, New York
Joseph Linder	New York, New York
Laurence H. Longley-Cook	Philadelphia, Pennsylvania
Lauren J. Lutz	Syracuse, New York
Daniel J. McNamara	New York, New York
Norton E. Masterson	Stevens Point, Wisconsin
Allen L. Mayerson	Lansing, Michigan
Charles Mehlman	San Francisco, California
Carlton H. Menge	Tulsa, Oklahoma
John H. Miller	Springfield, Massachusetts
Wendell A. Milliman	Seattle, Washington
Thomas E. Murrin	San Francisco, California
Joseph Musher	Washington, D. C.
Robert J. Myers	Washington, D. C.
Carroll E. Nelson	St. Louis, Missouri



Name	Address
A. C. Olshen	San Francisco, California
H. Lewis Rietz	Houston, Texas
Henry F. Rood	Fort Wayne, Indiana
Walter L. Rugland	Appleton, Wisconsin
David G. Scott	Chicago, Illinois
Charles A. Siegfried	New York, New York
H. Raymond Strong	Dallas, Texas
Oscar Swenson	Los Angeles, California
Harmon R. Taylor	Cedar Rapids, Iowa
G. Frank Waites	San Francisco, California
Andrew C. Webster	New York, New York
Bert A. Winter	Newark, New Jersey

This group consists mainly of individuals who are members of one or more of the following organizations:

Society of Actuaries  
Casualty Actuarial Society  
Conference of Actuaries in Public Practice  
Fraternal Actuarial Association

## Section II. Completion of Organization.

A majority of the persons named in Section I of this act are authorized to meet to complete the organization of the Academy by the adoption of Bylaws, by the election of Officers and Directors to serve until the close of the first annual meeting of the Academy, and by doing all other things necessary to carry into effect the provisions of this act.

## Section III. Objects and Purposes of Academy.

The objects and purposes of the Academy shall be:

- (1) To advance the knowledge of actuarial science, which had its origin in the application of the doctrine of probabilities to human affairs and from which life insurance, pension plans, casualty insurance, and other analogous institutions derive their principles of operation;
- (2) To encourage the consideration of all monetary questions involving, separately or in combination, the mathematical doctrine of probabilities and the principles of interest;
- (3) To promote education in actuarial science and the interchange of information among actuaries and among the various actuarial organizations;
- (4) To establish, promote and maintain high standards of conduct and competence within the actuarial profession;
- (5) To encourage the coordination of efforts of the organizations named in Section I of this act;

A (3)

In furtherance of these ends the Academy may promote activities to recruit and educate those who desire to become actuaries and to undertake such other activities as may seem desirable.

Section IV. Powers of Academy.

The Academy shall have the following powers:

- (1) To adopt, amend and administer Bylaws, not inconsistent with the laws of the United States or of any state, territory or possession of the United States in which the Academy is to operate, for the management of its property and the regulation of its affairs;
- (2) To adopt, use and alter a corporate seal;
- (3) To choose such officers, managers, agents and employees as the business of the Academy may require;
- (4) To sue and be sued, complain and defend in any court of competent jurisdiction;
- (5) To contract and be contracted with;
- (6) To transfer, lease or convey real or personal property;
- (7) To take and hold by lease, gift, purchase, grant, devise, bequest, or otherwise, any property, real or personal, necessary for carrying into effect the purposes of the Academy, subject to the applicable provisions of law of any State (a) governing the amount or kind of real and personal property which may be held by, or (b) otherwise limiting or controlling the ownership of real and personal property by a corporation operating in such state;
- (8) To borrow money for the purpose of the Academy, issue bonds, or other evidence of indebtedness therefor, and secure the same by mortgage or pledge, subject to applicable Federal or state laws;
- (9) To do any and all acts necessary and proper to carry out the objects and purposes of the Academy.

Section V. Principal Office; Territorial Scope of Activities.

- A. The principal office of the Academy shall be established at such place as its Board of Directors deems appropriate.
- B. The activities of the Academy may be conducted throughout the various states, territories and possessions of the United States.
- C. The Academy shall maintain at all times in the District of Columbia a designated agent authorized to accept service of process for the Academy, such designation to be filed in the Office of the Clerk of the United States District Court for the District of Columbia.

- D. Notice to, or service upon such agent, or mailed to the business address of such agent, shall be deemed sufficient notice of service upon the Academy.

Section VI. Membership; Voting Rights.

- A. Eligibility for membership in the Academy and the rights and privileges of Members shall, except as provided in this act, be determined according to the Bylaws of the Academy.
- B. Each Member shall be entitled to one vote.

Section VII. Governing Body; Composition; Tenure.

The Academy shall be governed by a Board of Directors composed of not less than ten or more than thirty-five Members. The method of election, term of office, and other matters pertaining to the Board of Directors shall be provided in the Bylaws.

Section VIII. Officers of Academy; Powers and Duties.

- A. The Officers of the Academy shall be Members of the Academy and shall consist of a President, the number of Vice Presidents provided in the Bylaws, a Secretary, a Treasurer, and such other Officers as may be provided in the Bylaws.
- B. The Officers shall perform such duties and have such powers as the Bylaws and the Board of Directors may from time to time prescribe.

Section IX. Distribution of Income or Assets to Members; Loans.

- A. No part of the income or assets of the Academy shall inure to any Member, Officer or Director, or be distributable to any such person; except that the Board of Directors may from time to time employ such persons as it deems necessary to carry out the objects and purposes of the Academy and compensate them in the form of salary or otherwise for the services rendered or duties performed.
- B. The Academy shall not make loans to any Members or employees.

Section X. Nonpolitical Nature of Academy.

The Academy and its Members, Officers; and Directors, as such, shall not contribute to or otherwise support or assist any political party or candidate for elective public office.

Section XI. Liability for Acts of Officers and Agents.

The Academy shall be liable for the acts of its Officers and agents when acting within the scope of their authority.

Section XII. Prohibition Against Issuance of Stock or Payment of Dividends.

The Academy shall have no power to issue any shares of stock, to declare or pay any dividends, or to engage in business for pecuniary profit.

Section XIII. Books and Records; Inspection.

The Academy shall keep correct and complete books and records of account. It shall also keep minutes of the proceedings of the meetings of its Members, its Board of Directors, and committees having any authority under the Board of Directors. It shall also keep a record of the names and addresses of its Members.

Section XIV. Audit of Financial Transactions; Report to the Congress.

- A. Financial transactions of the Academy shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or by licensed public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States. The audits shall be conducted at the place, or places, where the accounts of the Academy are normally kept. All books, accounts, financial records, reports, files and all other papers, things, or property, belonging to or in use by the Academy and necessary to facilitate the audits, shall be made available to the person, or persons, conducting the audits; full facilities for verifying transactions for the balances or securities held by depositories, fiscal agents, and custodians shall be offered to such person or persons.
- B. The report of such independent audit shall be submitted to the Congress not later than six months following the close of the fiscal year for which the audit was made. The report shall set forth the scope of the audit and shall include such statements as are necessary to present fairly the Academy's assets and liabilities and its surplus or deficit, with an analysis of the changes therein during the year, supplemented in reasonable detail by a statement of its income and expenses during the year, together with the independent auditor's opinion of those statements.

Section XV. Use of Assets Upon Dissolution or Liquidation.

Upon final dissolution or liquidation of the Academy, and after the discharge or satisfaction of all outstanding obligations and liabilities, the remaining assets of the Academy shall be used by the Board of Directors for one or more of the purposes stated in Section III of this act.

Section XVI. Exclusive Right to Name and Seals.

The Academy shall have sole and exclusive right to use the name "American Academy of Actuaries" and such seals as the Corporation may lawfully adopt.

Section XVII. Reservation of Right to Amend or Repeal Charter.

The right to alter, amend, or repeal this act is expressly reserved to the Congress.

April 15, 1964

APPENDIX B (1)

PROPOSED BYLAWS

Article 1 - Membership

Section 1. Members. Individuals having membership in the Academy shall be called "Members."

Members shall be entitled to vote, hold office, make nominations, and generally exercise the rights of full membership. They are authorized to designate themselves as Members of the American Academy of Actuaries. In all references to Members, words implying the masculine gender shall include the feminine gender.

Section 2. Requirements for Admission to Membership.

- (a) On the date the Incorporators meet to complete the organization of the Academy, hereinafter called the "Date of Organization", the following shall be enrolled as Members:

The Incorporators and any individual resident in the United States of America who, at the Date of Organization of the Academy, was a

Fellow of the Casualty Actuarial Society, a

Member\* of the Conference of Actuaries in Public Practice, an

Active Member of the Fraternal Actuarial Association, or a

Fellow of the Society of Actuaries,

provided he does not submit a written declination within 60 days following the Date of Organization of the Academy.

- (b) After the Date of Organization:

Any person not enrolled under (a) may apply for membership and shall become a Member by meeting the following requirements provided that his application is approved by at least 75% of the Admissions Committee and confirmed by a majority of the whole Board of Directors or is approved by more than 50% but less than 75% of the Admissions Committee and confirmed by at least 75% of the whole Board of Directors.

In the "experience" requirements referred to in this Section, it shall be assumed that Fellowship by examination in any of the actuarial organizations named above may be treated as equivalent to two years of experience in responsible actuarial work and "responsible actuarial work" is defined as actuarial work which has required knowledge and skill in solving practical problems in any of the following fields:

\*The Conference is considering a change whereby its Members will be known as Fellows and its Associates will be divided into two groups known as Members and Associates. If this change becomes effective before Bylaws for the Academy have been adopted, appropriate changes will be made in the Conference terminology in parts (a) and (b) of this Section.

Life and health insurance involving individual policies  
Group insurance  
Social insurance  
Pensions  
Property and casualty insurance.

- (i) If at the Date of Organization such applicant was a  
Fellow or Associate of the Casualty Actuarial Society, a  
Member\* or Associate\* of the Conference of Actuaries in Public  
Practice, an  
Active Member or Associate of the Fraternal Actuarial  
Association, or a  
Fellow or Associate of the Society of Actuaries

and, at the date of application for membership, had had seven years of experience in responsible actuarial work, he may submit an application to the Admissions Committee, including evidence of his experience.

- (ii) If such applicant is not eligible to apply under subsection (b)(i), he may, upon nomination by two Members of the Academy, become a candidate for membership and shall become a Member by meeting both the experience requirements and education requirements set forth below, subject to approval by the Admissions Committee and the Board.

Experience Requirements.

Every such candidate must have had seven years of experience in responsible actuarial work. The candidate's application must be signed by two Members of the Academy, as nominators, and shall include a statement by each of them setting forth their knowledge of the nature and extent of the applicant's experience.

Education Requirements.

First four years: Every such candidate who applies before the fourth anniversary of the Date of Organization of the Academy shall submit a special application including a resume of his education background and experience, together with such other information as the Admissions Committee may request. The Admissions Committee may also require an examination designed to test the applicant's knowledge, skill and experience.

Next three years: Every such candidate who applies on or after the fourth anniversary of the Date of Organization of the Academy but before the seventh anniversary shall be required to have passed a series of examinations given by the Academy or examinations of other

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providing a comprehensive test of the applicant's knowledge of the following subjects:

All Candidates

General mathematics  
Probability and statistics  
Compound interest  
Application of mathematics to the  
evaluation of risk contingencies  
Elements of graduation and construction  
of experience tables

Life and Health Insurance  
and Pensions Major

or

Property and Casualty  
Insurance Major

Sources and characteristics of the  
principal mortality and disability  
tables (including the methods used  
in the construction and graduation  
of such tables) and of the princi-  
pal mortality and disability in-  
vestigations

Insurance coverages and policy  
forms

General principles of rate  
making

Examinations given by the Academy will emphasize the application of the candidate's knowledge and skills to the solution of appropriate problems and may include (1) open book tests with ample time allowed for the candidate to demonstrate thoroughness and judgment, and (2) oral examinations designed to evaluate the candidate's professional experience.

During this three year period, the Board of Directors may from time to time increase the number of examinations included in the requirements in an effort to attain gradually over this period the requirements which will be effective after seven years as set forth below.

After seven years: Every such candidate who applies on or after the seventh anniversary of the Date of Organization of the Academy shall be required to have passed the examinations described above, further extended to include the following subjects:

All Candidates

Insurance economics and investments  
Valuation of assets  
Analysis of expenses

WLR Historical Notes  
Appendix B

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Life and Health Insurance  
and Pensions Major

or

Property and Casualty  
Insurance Major

Actuarial aspects of life insurance  
accounting  
Valuation of liabilities  
Gross premiums for individual life  
insurance and annuities  
Selection of risks for individual  
life insurance  
Analysis and distribution of surplus  
for individual life insurance and  
annuities  
Group insurance  
Employee retirement plans  
Individual health insurance  
Social insurance

Insurance law  
Supervision of insurance  
Regulation of insurance and  
taxation  
Statutory insurances  
Premium, loss, and expense  
reserves  
Property and casualty insurance  
accounting

Article 2 - Meetings of the Members

There shall be an Annual Meeting of the Members each fall at such time and place as the Board of Directors shall designate.

The agenda of the Annual Meeting shall be as follows:

- (a) Approval of minutes of previous meeting;
- (b) Report of Officers;
- (c) Old Business;
- (d) New Business;
- (e) Elections;
- (f) Adjournment.

Special meetings of the Members may be called by the Board of Directors.

Upon request of not less than five percent of the Members, the President shall call a meeting of the Members.

At all meetings one hundred Members shall constitute a quorum.

Notice of a meeting, specifying the place, date and hour of the meeting, shall be given to each Member not less than twenty nor more than forty days before each meeting.

Article 3 - Board of Directors

Section 1. Composition. The Board of Directors, hereinafter called "The Board," shall consist of eighteen Elected Members, the Officers who may or may not be Elected Members, and the two immediate Past-Presidents or the Past-President if there be only one.



Section 2. Election and Term of Office. As provided in Section II of the Charter of the Academy, a majority of the Incorporators of the Academy shall elect the first Board of Directors. The Directors so elected shall serve only until the close of the first annual meeting of the Academy.

At the first annual meeting of the Academy the Members shall elect eighteen Members as Elected Members of the Board for terms as follows: Six to serve for a period of three years; six to serve for a period of two years; and six to serve for a period of one year. At each annual meeting thereafter the Members shall elect six Members as Elected Members of the Board to serve for a period of three years. Specifically the term of office of a Director shall begin at the close of the annual meeting of the Academy at which he is elected and shall continue until the close of the annual meeting at the end of the term for which he was elected and until his successor shall have been elected. Members receiving the greatest number of votes shall be elected, provided the number of votes received is not less than one-third of those cast. A retiring Elected Member of the Board shall not be eligible for re-election as an Elected Member at the annual meeting at which his term expires, except that service of a Member as a Director for the interim period prior to the first annual meeting shall not make such Member ineligible for re-election. A Past-President shall not be eligible for election as an Elected Member of the Board at the time at which his ex-officio membership on the Board as Past-President expires. If a vacancy occurs among the Elected Members of the Board, it shall be filled for the unexpired term at the next annual meeting of the Academy.

Section 3. Meetings. There shall be an annual meeting of the Board within forty-eight hours after the close of the annual meeting of the Academy. Special meetings of the Board shall be called whenever the President or at least five members of the Board so request.

Meetings of the Board may be held either within or outside of the District of Columbia. Notice of a special meeting shall be sent to each member of the Board not less than ten nor more than thirty days before the time appointed.

During any interim between meetings of the Board, the President may obtain Board action by using mail ballots.

Section 4. Quorum. At meetings of the Board, one-third of the members of the Board shall constitute a quorum.

Section 5. Duties. The duties of the Board shall include without limitation the following:

- (a) To act in accordance with the provisions of the Charter of the Academy;
- (b) To establish the location of the principal office of the Academy;
- (c) To invest and administer the funds of the Academy;
- (d) To arrange for an annual audit of the accounts of the Treasurer;

- (e) To prescribe examinations and other requirements for admission, as provided in Article 1, Section 2, of the Bylaws;
- (f) To elect the Officers of the Academy;
- (g) To approve applications for membership as required in the Bylaws;
- (h) To elect an Admissions Committee, a Review and Evaluation Committee, and to authorize such other committees as it may deem necessary for the conduct of the affairs of the Academy.

#### Article 4 - Officers

Section 1. Officers. The Officers of the Academy, all of whom shall be Members, shall consist of a President, a President-Elect, four Vice-Presidents, a Secretary, and a Treasurer.

Section 2. Election and Term of Office. As provided in Section II of the Charter of the Academy, a majority of the Incorporators of the Academy shall elect the first Officers, except that at this time no President-Elect shall be elected. The Officers so elected shall serve only until the close of the first annual meeting of the Academy. Service of a Member as an Officer for such interim period shall not make such Member ineligible for re-election as an Officer at the first annual meeting of the Board.

At the meeting of the Board immediately following the first annual meeting of the Academy, a President shall be elected by a vote of a majority of the whole Board of Directors.

At each annual meeting of the Board, the Directors present, by a vote of a majority of the whole Board shall elect, separately and in the order named, a President-Elect, two or more Vice-Presidents, a Secretary, and a Treasurer to serve from the close of the meeting.

At the meeting of the Board following the second annual meeting of the Academy and at the annual meeting of the Board in any subsequent year, if either (a) the President-Elect has succeeded the President and has served in that capacity for six months or more by reason of the office of President becoming vacant, or (b) the office of the President-Elect is vacant, except in the case where the President-Elect has succeeded to the office of the President and has served in that capacity for less than six months, the Directors by a vote of a majority of the whole Board shall, prior to the election of the President-Elect, elect a President to serve from the close of such meeting of the Board until the close of the next succeeding annual meeting of the Board. Except as hereinafter provided, the President-Elect, having been so elected at an annual meeting of the Board, shall automatically succeed the President at the close of the first subsequent annual meeting of the Board and he shall serve as the President until the close of the second subsequent annual meeting of the Board. In the event the office of President becomes vacant, the President-Elect shall automatically succeed to fill the vacancy of the unexpired term. If the President-Elect so succeeds the President and

next annual meeting of the Board following his succession to the Presidency, he shall further serve as President until the close of the next subsequent annual meeting of the Board.

The term of two of the Vice-Presidents elected at each annual meeting of the Board shall be from the close of such meeting until the close of the second succeeding annual meeting of the Board. The term of any other Vice-Presidents elected at each annual meeting of the Board shall be from the close of such meeting until the close of the next succeeding annual meeting of the Board. The terms of the Secretary and the Treasurer shall be from the close of the annual meeting of the Board at which each is elected until the close of the next succeeding annual meeting of the Board.

Except as provided above, a retiring President shall thereafter be permanently ineligible for election for another term as President or President-Elect.

A retiring Vice-President shall not be eligible for re-election as a Vice-President at the meeting at which his term expires.

Each Officer shall hold office for the term for which he is elected and until his successor shall have been elected.

In the event of vacancy in the office of both the President and President-Elect, the Board of Directors shall by majority vote of the whole Board elect a Member to fill the vacancy for the unexpired term of the President.

In the event a vacancy occurs among the Vice-Presidents, or in the office of Secretary or Treasurer, the Board of Directors shall by majority vote of the whole Board elect a Member to fill the vacancy for the unexpired term.

#### Article 5 - Duties of Officers

Section 1. President. The President shall preside at the meetings of the Board and of the Academy. He shall appoint committees authorized by the Board. He may sign with the Treasurer, or any other person authorized by the Board, contracts or other instruments which the Board has authorized to be executed.

Section 2. President-Elect. The President-Elect shall have such duties as may be assigned to him by the President or by the Board. In the absence of the President, or in the event of his inability or refusal to act, the President-Elect shall perform the duties of the President's office.

Section 3. Vice Presidents. Each of the Vice-Presidents shall have such duties as may be assigned to him by the President or by the Board.

Section 4. Secretary. The Secretary shall record and file minutes of all meetings of the Board; give all notices; be custodian of the corporate records of the Academy; and in general shall perform all customary duties incident to the office of Secretary.

Section 5. Treasurer. The Treasurer shall keep a register of the Members; have charge of the preparation and publication of any Year Book which may be published; have general supervision of any arrangements for holding examinations; have charge and custody of all funds and securities; collect dues; pay bills; prepare financial statements; and in general perform all customary duties incident to the office of Treasurer. The Treasurer shall give a bond for the faithful discharge of his duties, the cost of which shall be paid by the Academy.

#### Article 6 - 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. Any Member who has become totally disabled or, who having attained age 65, notifies the Treasurer in writing that he has retired from active work, may be exempted from the payment of dues at the discretion of the Board. Any Member who has attained age 70 prior to the calendar year when dues are payable shall be exempted from the payment of dues.

It shall be the duty of the 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 the dues remain unpaid three months following the time of mailing such notice, the Treasurer shall strike the name of such Member from the rolls and such person shall cease to be a Member of the Academy. Such person may, however, again become a Member by applying for membership and by fulfilling the requirements for new Members in effect at the time of such application, including payment of such arrears of dues as the Board shall direct.

Section 2. Contracts. The Board may authorize any Officer or agent to enter into any contract or execute and deliver any instrument in the name or on behalf of the Academy.

Section 3. Checks. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness shall be signed by such Officer or agent of the Academy as shall from time to time be determined by the Board.

Section 4. Deposits. All funds of the Academy not otherwise employed or invested shall be deposited to the credit of the Academy in such banks, trust companies or other depositories as the Board may select.

#### Article 7 - Resignation and Discipline of Members

Section 1. Resignation. Any Member who is not in default in payment of dues and against whom no complaints or charges are pending may at any time file his resignation in writing with the Treasurer.

Section 2. Discipline. The Board shall have the power to consider and take action, as herein provided, with respect to all questions which may arise as to the conduct of a Member in his relations to the Academy or its Members, or in his profession, or in the practice thereof, or affecting the interests of the actuarial profession. The Board may, on its own initiative, investigate and take action with respect to any such question, and may also receive

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and hear any complaint relating to the conduct of a Member preferred in writing and subscribed to by a Member. In the course of dealing with questions and complaints relating to the conduct of Members, the Board may appoint, from among the Members of the Academy, committees and boards vested with the powers specified herein;

- (a) Investigating committees empowered to investigate questions and complaints and to prefer charges against a Member.
- (b) Prosecuting committees empowered to prosecute charges against a Member at hearings before the Board or a disciplinary board.
- (c) Disciplinary boards empowered to hear evidence relating to questions and complaints and to make findings with respect to such evidence.

The procedures for such committees and boards shall be prescribed by the Board. The Board may retain counsel for the assistance of the Board and of committees and boards appointed by it.

In any hearing before the Board or a disciplinary board, a Member proceeded against shall have the right to appear personally and by counsel, to be informed of the nature and content of the question or complaint, to examine the evidence presented, to examine adverse witnesses, and to present witnesses and evidence in his behalf. Any Member preferring a complaint may appear personally and by counsel. Witnesses called in the course of hearings involving conduct shall vouch for the truth of their statements on their word of honor.

All proceedings under this Section, and all action taken with respect thereto, shall be deemed confidential and kept secret, except that the Board may, in its discretion, make written reports to the Academy concerning such proceedings and the results thereof and shall render an official written report to the Academy in all cases in which the Board orders the suspension or expulsion of a Member. In rendering such reports, the Board need not set forth the evidence upon which its decision is based.

In all proceedings under this Section, the Board shall decide, directly or upon review of the findings of a body appointed by it, whether or not misconduct has occurred. If the Board finds that misconduct has occurred, it may warn, admonish, reprimand, suspend, or expel the Member, provided that no order reprimanding, suspending, or expelling a Member shall be issued except after a hearing before the Board or a disciplinary board, and no order suspending or expelling a Member shall take effect unless and until confirmed at a meeting of the Academy by a vote of at least two-thirds of the Members present and voting.

The Board may, in its discretion, reinstate to membership at any time a Member suspended under this Section, provided such action shall be reported at the next meeting of the Academy. A Member who has been expelled under this Section may be reinstated upon recommendation of the Board, confirmed by a vote of a majority of the Members present and voting at a meeting of the Academy.

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Article 8 - Notice

The requirement that notice be given to Members or other persons shall be satisfied when a letter has been deposited in a United States Post Office mail box addressed to the last known address of such person.

Article 9 - Indemnification of Directors, Officers and Committee Members

Every person or his personal representative made a party to any action, suit or proceeding by reason of the fact that he is or was a Director, Officer or Committee Member of the Academy shall be indemnified by the Academy against any and all costs, judgments, reasonable settlements and reasonable expenses, including attorneys' fees, incurred by him in connection with any such action, suit or proceeding, but if it shall be adjudged in such action, suit or proceeding, that such Director, Officer or Committee Member of the Academy is liable for negligence or misconduct in the performance of his duties, then an indemnity will not be paid. Whether a settlement is reasonable shall be left to the judgment of the Board of Directors of the Academy.

Article 10 - Amendments

Amendments to the Bylaws proposed by a vote of two-thirds of the Directors present at a duly convened meeting of the Board shall be mailed forthwith to the Members and shall become effective thirty days after such mailing, unless 10% or more of the Members notify the Secretary in writing within that time that they disapprove of the proposal. Any proposal thus disapproved shall be presented to the next annual meeting of the Academy and shall then take effect if approved by a majority of the Members present.

APPENDIX C (1)

April 15, 1964

PROPOSED COMMITTEES

1. Executive Committee

The Executive Committee shall be given authority to act for the Board between meetings, except for those powers expressly retained for the Board.

The Executive Committee shall be composed of the President who shall preside, the President-Elect, the four Vice-Presidents, the Secretary, the Treasurer, and the immediate Past-President. Five members of the Executive Committee shall constitute a quorum.

2. Admissions Committee

Initially this will probably be the most important committee of the Academy. It will be its duty to set standards of admission in conformity with the By-laws and to pass upon all applications for admission, except in those cases where members of existing bodies are automatically admitted as members.

Considerable judgment and tact will be required of the members of this Committee. They will have the responsibility of admitting only those who are qualified, but at the same time must be broad enough in their views so they will recognize actuaries who have achieved competence through experience as well as those who have completed examination requirements.

3. Education and Examination Committee

This Committee shall be responsible for examinations given by the Academy and the determination of the material to be covered by these examinations.

This Committee should include representatives from each of the present actuarial organizations. It is expected that representatives from the Society of Actuaries and Casualty Actuarial Society will be selected from their Education and Examination Committees.

4. Review and Evaluation Committee

For the purpose of determining compliance of examinations with the requirements of the Bylaws, a Review and Evaluation Committee shall be appointed. It shall consist of one member representing each of the four actuarial organizations referred to in ~~Section I of the Charter~~ (selected after consultation with the President of the representative organization), and a fifth member nominated by these four from the field of higher education.

5. Nominating Committee

It will be the duty of the Nominating Committee to make nominations for the various officers and for members of the Board of the Academy. Members of this Committee should be drawn from those with considerable seniority. Initially the immediate Past-Presidents of the four existing organizations might constitute the Nominating Committee. After the Academy has been in existence for several years, it is likely that Past-Presidents of the Academy will be chosen as some of the members.

6. Professional Conduct Committee

It will be the duty of this Committee to establish satisfactory guides of professional conduct. The present guides of the various actuarial organizations will serve as a base. It may be time, however, for an expansion of these guides.

It is not expected that this Committee will enforce the guides for professional conduct. That will be the responsibility of the Board or such investigating committees as it may appoint.

If all actuaries are members of the Academy and the ranks are closed to outsiders, it will be possible to establish and enforce appropriate guides of professional conduct. It will be important that these guides are followed by all Members if the members of the Academy are to merit the approval of the general public.

7. Legislative Committee

This Committee will be most important too, especially at the beginning. Its duties will be to seek accreditation at the national level and in all of the various states.

The present Legislative Subcommittee of the Joint Committee may serve as a nucleus of this Committee.

8. Public Relations Committee

The function of this Committee is to give the public a better understanding of the work of the actuary, to promote interest in the actuarial profession among students, and to maintain liaison and cooperation among the various actuarial organizations.



APPENDIX D (1)

April 15, 1964

PROPOSED ELECTION PROCEDURE

The elected members of the Board of Directors shall include three members from each of the following organizations:

Casualty Actuarial Society  
Conference of Actuaries in Public Practice  
Fraternal Actuarial Association  
Society of Actuaries

The remaining elected members of the Board of Directors shall be selected in approximately the ratio of the number of members of the Academy engaged in the various actuarial pursuits.

The President, President-Elect, Secretary, and Treasurer shall be elected from the members at large without reference to their particular interests. While it is desirable that there be representation of the different actuarial bodies, it would seem best to select the men for these offices who are best qualified from the entire group. Usually the President-Elect will be selected from persons who have served as Vice-Presidents.

Four Vice-Presidents shall be selected with due regard to the various fields of activity such as:

- (a) Life insurance organizations;
- (b) Property and casualty insurance organizations;
- (c) Actuaries in public practice;
- (d) Fraternal beneficiary societies.

It is suggested that all Members be given an opportunity to suggest persons for the Board, using a form similar to the attached. The Nominating Committee will then nominate one slate for the Board, giving consideration to the suggestions of the Members with due weight to those representing the various classifications and at the same time being careful to see that there is appropriate representation of each of the various interests involved as well as a geographical representation.

SUGGESTIONS FOR NOMINATIONS FOR BOARD OF DIRECTORS

Classification of the Member Completing this Form

(If retired list previous classification)

Employee of life insurance organization ☐

Employee of property or casualty insurance organization ☐

Actuary in public practice ☐

Employee of a fraternal beneficiary society ☐

Other (Government, University, Etc.) ☐

Employees of life insurance organizations (Nominate \_\_\_\_)

_____	_____
_____	_____
_____	_____

Employees of property or casualty insurance organizations (Nominate \_\_\_\_)

_____	_____
_____	_____
_____	_____

Actuaries in public practice (Nominate \_\_\_\_)

_____	_____
_____	_____
_____	_____

Employees of fraternal beneficiary societies (Nominate \_\_\_\_)

_____	_____
_____	_____
_____	_____

**S. 3027**

Referred to the Committee on the Judiciary

SECTION 1. The persons named below and their successors are hereby created and declared to be a body corporate by the name of "American Academy of Actuaries" (hereinafter referred to as the "corporation") and by such name shall be known and have perpetual succession and the powers and limitations contained in this Act.

- 1 THE INCORPORATORS
- 2 John C. Angle, Lincoln, Nebraska.
- 3 Clarence L. Alford, Nashville, Tennessee.
- 4 John C. Archibald, Des Moines, Iowa.
- 5 Henry E. Blagden, Newark, New Jersey.
- 6 Thomas P. Bowles, Junior, Atlanta, Georgia.
- 7 Dorrance C. Bronson, Washington, District of Columbia.
- 8 Edward D. Brown, Junior, Chicago, Illinois.
- 9 Harley N. Bruce, Chicago, Illinois.
- 10 George M. Bryce, Fort Wayne, Indiana.
- 11 George B. Buck, Junior, New York, New York.
- 12 Donald G. Clark, Stamford, Connecticut.
- 13 Harold E. Curry, Bloomington, Illinois.
- 14 Mary M. Cusic, Rock Island, Illinois.
- 15 Charles C. Dubuar, Albany, New York.
- 16 John K. Dyer, Junior, Philadelphia, Pennsylvania.
- 17 Gilbert W. Fitzhugh, New York, New York.
- 18 Frank J. Gadiant, Rock Island, Illinois.
- 19 Walter C. Green, Salt Lake City, Utah.
- 20 Frank L. Griffin, Junior, Chicago, Illinois.
- 21 William E. Groves, New Orleans, Louisiana.
- 22 Frank Harwayne, New York, New York.
- 23 William J. Hazam, Wakefield, Massachusetts.
- 24 Victor E. Henningsen, Milwaukee, Wisconsin.
- 25 Reinhard A. Hohaus, Greens Farms, Connecticut.

- 1 Reuben I. Jacobson, Minneapolis, Minnesota.
- 2 Wilmer A. Jenkins, New York, New York.
- 3 Walter Klem, New York, New York.
- 4 Meno T. Lake, Los Angeles, California.
- 5 Edwin B. Lancaster, New York, New York.
- 6 William Leslie, Junior, New York, New York.
- 7 Joseph Linder, New York, New York.
- 8 Laurence H. Longley-Cook, Philadelphia, Pennsylvania.
- 9 Lauren J. Lutz, Syracuse, New York.
- 10 Daniel J. McNamara, New York, New York.
- 11 Norton E. Masterson, Stevens Point, Wisconsin.
- 12 Allen L. Mayerson, Lansing, Michigan.
- 13 Charles Mehlman, San Francisco, California.
- 14 Carlton H. Menge, Tulsa, Oklahoma.
- 15 John H. Miller, Springfield, Massachusetts.
- 16 Wendell A. Milliman, Seattle, Washington.
- 17 Thomas E. Murrin, San Francisco, California.
- 18 Joseph Musher, Washington, District of Columbia.
- 19 Robert J. Myers, Washington, District of Columbia.
- 20 Carroll E. Nelson, Saint Louis, Missouri.
- 21 A. C. Olshen, San Francisco, California.
- 22 H. Lewis Rietz, Houston, Texas.
- 23 Henry F. Rood, Fort Wayne, Indiana.
- 24 Walter L. Rugland, Appleton, Wisconsin.
- 25 David G. Scott, Chicago, Illinois.

1 Charles A. Siegfried, New York, New York.

2 H. Raymond Strong, Dallas, Texas.

3 Oscar Swenson, Los Angeles, California.

4 Harmon R. Taylor, Cedar Rapids, Iowa.

5 G. Frank Wailes, San Francisco, California.

6 Andrew C. Webster, New York, New York.

7 Bert A. Winter, Newark, New Jersey.

8 COMPLETION OF ORGANIZATION

9 SEC. 2. A majority of the persons named in section 1 of  
10 this Act are authorized to meet to complete the organization  
11 of the corporation by the election of officers and directors  
12 to serve until the close of the first annual meeting of the cor-  
13 poration, and by the adoption of bylaws not inconsistent with  
14 this Act, and by doing all other acts necessary to carry into  
15 effect the provisions of this Act.

16 OBJECTS AND PURPOSES OF CORPORATION

17 SEC. 3. The object and purposes of the corporation  
18 shall be:

19 (1) To advance the knowledge of actuarial science,  
20 which had its origin in the application of the doctrine of  
21 probabilities to human affairs and from which life in-  
22 surance, pension plans, casualty insurance, and other  
23 analogous institutions derive their principles of opera-  
24 tion;

1           (2) To encourage the consideration of all mone-  
2       tary questions involving, separately or in combination,  
3       the mathematical doctrine of probabilities and the prin-  
4       ciples of interest;

5           (3) To promote education in actuarial science and  
6       the interchange of information among actuaries and  
7       among the various actuarial organizations;

8           (4) To establish, promote, and maintain high stand-  
9       ards of conduct and competence within the actuarial  
10      profession.

11      In furtherance of these ends the corporation may  
12      promote activities to recruit and educate those who de-  
13      sire to become actuaries and to undertake such other activities  
14      as may seem desirable.

15                               POWERS OF CORPORATION

16      SEC. 4. The corporation shall have the following powers:

17           (1) To adopt, amend, and alter bylaws, not incon-  
18       sistent with the laws of the United States or of any  
19       State, territory, or possession of the United States in  
20       which the corporation is to operate, for the management  
21       of its property and the regulation of its affairs;

22           (2) To adopt, use, and alter a corporate seal;

23           (3) To choose such officers, managers, agents, and

1 employees as the business of the corporation may  
2 require;

3 (4) To sue and be sued, complain and defend in  
4 any court of competent jurisdiction;

5 (5) To contract and be contracted with;

6 (6) To transfer, lease, or convey real or personal  
7 property;

8 (7) To take and hold by lease, gift, purchase,  
9 grant, devise, bequest, or otherwise, any property, real  
10 or personal, necessary for carrying into effect the pur-  
11 poses of the corporation, subject to the applicable  
12 provisions of law of any State or the District of  
13 Columbia (a) governing the amount or kind of real  
14 and personal property which may be held by, or (b)  
15 otherwise limiting or controlling the ownership of real  
16 and personal property by a corporation operating in  
17 such State or the District of Columbia;

18 (8) To borrow money for the purpose of the  
19 corporation, issue bonds, or other evidence of indebt-  
20 edness therefor, and secure the same by mortgage or  
21 pledge, subject to applicable Federal or State laws or to  
22 the laws of the District of Columbia;

23 (9) To do any and all acts necessary and proper  
24 to carry out the objects and purposes of the corporation.



1 PRINCIPAL OFFICE; TERRITORIAL SCOPE OF ACTIVITIES;

2 RESIDENT AGENT

3 SEC. 5. (a) The principal office of the corporation shall  
4 be established at such place as its board of directors deems  
5 appropriate.

6 (b) The activities of the corporation may be conducted  
7 throughout the various States, territories, and possessions  
8 of the United States.

9 (c) The corporation shall maintain at all times in the  
10 District of Columbia a designated agent authorized to accept  
11 service of process for the corporation, such designation to be  
12 filed in the office of the clerk of the United States District  
13 Court for the District of Columbia.

14 (d) Notice to, or service upon such agent, or mailed to  
15 the business address of such agent, shall be deemed sufficient  
16 notice of service upon the corporation.

17 MEMBERSHIP; VOTING RIGHTS

18 SEC. 6. (a) Eligibility for membership in the corpora-  
19 tion and the rights and privileges of members shall, except as  
20 provided in this Act, be determined according to the by-  
21 laws of the corporation.

22 (b) Each member shall be entitled to one vote on each  
23 matter submitted to a vote at all meetings of the members of  
24 the corporation.

## GOVERNING BODY; COMPOSITION; TENURE

SEC. 7. The corporation shall be governed by a board of directors composed of not less than ten or more than thirty-five members. The method of election, term of office, and other matters pertaining to the board of directors shall be provided in the bylaws.

## OFFICERS; POWERS AND DUTIES

SEC. 8. (a) The officers of the corporation shall be members of the corporation and shall consist of a president, the number of vice presidents provided in the bylaws, a secretary, a treasurer, and such other officers as may be provided in the bylaws.

(b) The officers shall perform such duties and have such powers as the bylaws and the board of directors may from time to time prescribe.

## USE OF INCOME; LOANS TO OFFICERS, DIRECTORS, OR

## EMPLOYEES

SEC. 9. (a) No part of the income or assets of the corporation shall inure to any member, officer, or director, or be distributable to any such person during the life of the corporation or upon dissolution or final liquidation. Nothing in this subsection, however, shall be construed to prevent the payment of reasonable compensation to officers of the corporation in amounts approved by the board of directors of the corporation.

1       (b) The corporation shall not make loans to its officers,  
2 directors, or employees. Any director who votes for or  
3 assents to the making of a loan to an officer, director, or  
4 employee of the corporation, and any officer who participates  
5 in the making of such loan, shall be jointly and severally  
6 liable to the corporation for the amount of such loan until the  
7 repayment thereof.

8               NONPOLITICAL NATURE OF CORPORATION

9       SEC. 10. The corporation and its members, officers, and  
10 directors, as such, shall not contribute to or otherwise sup-  
11 port or assist any political party or candidate for elective  
12 public office.

13              LIABILITY FOR ACTS OF OFFICERS AND AGENTS

14       SEC. 11. The corporation shall be liable for the acts of  
15 its officers and agents when acting within the scope of their  
16 authority.

17              PROHIBITION AGAINST ISSUANCE OF STOCK OR  
18                              PAYMENT OF DIVIDENDS

19       SEC. 12. The corporation shall have no power to issue  
20 any shares of stock, to declare or pay any dividends.

21              BOOKS AND RECORDS; INSPECTION

22       SEC. 13. (a) The corporation shall keep correct and  
23 complete books and records of account. It shall also keep  
24 minutes of the proceedings of the meetings of its members,  
25 its board of directors, and committees having any authority

1 under the board of directors. It shall also keep at its princi-  
2 pal office a record of the names and addresses of its mem-  
3 bers entitled to vote.

4 (b) All books and records of the corporation shall be  
5 open for inspection by any member of the corporation or his  
6 agent or attorney for any proper purpose at any reasonable  
7 time.

8 AUDIT OF FINANCIAL TRANSACTIONS; REPORT TO THE  
9 CONGRESS

10 SEC. 14. (a) The accounts of the corporation shall be  
11 audited annually in accordance with generally accepted audit-  
12 ing standards by independent certified public accountants or  
13 independent licensed public accountants, certified or licensed  
14 by a regulatory authority of a State or other political subdi-  
15 vision of the United States. The audit shall be conducted at  
16 the place or places where the accounts of the corporation are  
17 normally kept. All books, accounts, financial records, re-  
18 ports, files, and all other papers, things, or property belong-  
19 ing to or in use by the corporation and necessary to facilitate  
20 the audit shall be made available to the person or persons  
21 conducting the audit; and full facilities for verifying trans-  
22 actions with the balances or securities held by depositories,  
23 fiscal agents, and custodians shall be afforded to such person  
24 or persons.

25 (b) A report of such audit shall be made by the corpora-

1 tion to the Congress not later than six months following the  
2 close of the fiscal year for which the audit is made. The  
3 report shall set forth the scope of the audit and include such  
4 statements, together with the independent auditor's opinion of  
5 those statements, as are necessary to present fairly the corpo-  
6 ration's assets and liabilities, surplus or deficit with an anal-  
7 ysis of the changes therein during the year, supplemented in  
8 reasonable detail by a statement of the corporation's income  
9 and expenses during the year including (1) the results of any  
10 trading, manufacturing, publishing, or other commercial-type  
11 endeavor carried on by the corporation, and (2) a schedule  
12 of all contracts requiring payments in excess of \$10,000 and  
13 any payments of compensation, salaries, or fees at a rate in  
14 excess of \$10,000 per annum. The report shall not be  
15 printed as a public document.

16 USE OF ASSETS UPON DISSOLUTION OR LIQUIDATION

17 SEC. 15. Upon final dissolution or liquidation of the  
18 corporation, and after the discharge or satisfaction of all  
19 outstanding obligations and liabilities, the remaining assets  
20 of the corporation shall be used by the board of directors for  
21 one or more of the purposes stated in section 3 of this Act.

22 EXCLUSIVE RIGHT TO NAME AND SEALS

23 SEC. 16. The corporation shall have sole and exclusive  
24 right to use the name "American Academy of Actuaries"  
25 and such seals as the corporation may lawfully adopt.

1 RESERVATION OF RIGHT TO AMEND OR REPEAL CHARTER

2 SEC. 17. The right to alter, amend, or repeal this Act

3 is expressly reserved to the Congress.

Passed the Senate August 15, 1964.

Attest: FELTON M. JOHNSTON,

*Secretary.*

88TH CONGRESS  
2D SESSION

**S. 3027**

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**AN ACT**

To incorporate the American Academy of  
Actuaries.

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AUGUST 17, 1964

Referred to the Committee on the Judiciary



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AMERICAN ACADEMY *of* ACTUARIES

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