

ABCD Guidance: A Critical Element of Actuarial Self-Regulation

BY JANET FAGAN

Chairperson, Actuarial Board for Counseling and Discipline

CREDENTIALED ACTUARIES in the United States have long enjoyed the ability to regulate their own profession. The Academy was established to provide the professionalism structure for that self-regulation, and the [Actuarial Board for Counseling and Discipline](#) (ABCD) is a critical component of that structure. Through the ABCD, the profession provides the means to assist individual actuaries in their obligations to act honestly, with integrity and competence, and in a manner to fulfill our responsibility to the public. The ABCD does this by providing a readily available resource for actuaries to ask questions and get guidance on ethical challenges and practice questions that may arise. These questions may arise due to obligations under the Code of Professional Conduct to comply with standards of conduct, practice, and qualification.

The ABCD is a resource you should know about and use, and suggest your colleagues use, to get valuable advice. Many may know only that the ABCD investigates possible material violations of the Code. But you should know that the majority of our work is devoted to responding to requests for guidance (RFGs) from actuaries on a wide range of practice, conduct, and qualification questions. In providing such guidance, the ABCD helps to improve practice and give confidence to the public. Both of these efforts are central to the actuarial profession's continuing ability to self-regulate.

Improving practice

By providing guidance, the ABCD helps to bridge any gap in understanding or internalizing the requirements of mandatory standards of practice and qualification, and the daily practice of actuaries. Over the past several decades, developments in actuarial science, the economy, law, and national policy have resulted in a body of new and more complex professional standards of practice and qualification.

In our increasingly complicated environment, actuaries may struggle at times to apply these standards appropriately to their daily practice and in their interactions with the public, their clients, and other actuaries. The ability of individual actuaries to engage in confidential dialogue with ABCD members, each of whom is an experienced actuary with expertise in a particular practice area, improves practice by helping actuaries determine how to apply these standards appropriately and make choices that adhere to the Code. This is true regardless of whether the discussion was

requested by the actuary to help manage a professional quandary or whether counseling was mandated by the ABCD as the most appropriate outcome of a formal investigation. (“Guidance” is provided upon request; “counseling” may be one of the outcomes of an ABCD investigation.)



Public confidence

The existence of a robust mechanism for providing expert guidance and counseling to individual actuaries tells the public that actuaries who have questions about their work can find help to discern the ethically correct direction and that actuaries who stray from the profession's standards of conduct, qualification, and practice will be guided back to them. Individual requests for guidance and counseling sessions are kept confidential to facilitate communication, promote candor, and protect reputations.

The ABCD's [annual report](#), available on the ABCD website, provides information on the number, frequency, and topics of the RFGs that it has fielded, as well as similar information for complaint proceedings. Looking at these, actuaries can understand they are not alone in seeking guidance and advice on almost any actuarial matter that may arise in their practice. In 2015, the ABCD handled 96 RFGs and 29 complaints. The RFGs covered a wide range of topics, including professional integrity, qualifications, communication and disclosures, conflicts of interest, control of work product, cooperation, and Precept 13. Last year, nearly 80 percent of the RFGs focused on the first three precepts of the Code—professional integrity/skill and care, qualifications, and standards of practice. Those first three precepts have great importance for the credibility of our profession.

Requesting guidance

The ABCD's counseling and guidance services not only to reassure the public; they also provide essential assistance to actuaries facing ethical and practical questions in their actuarial work. The ABCD strongly encourages actuaries to seek guidance before difficult situations evolve into professional problems. An ABCD member can assist you with ethical or conduct issues as well as with questions on practice and deviations from prescribed methods. ABCD members can help you frame issues, consider relevant authorities, and think about practical considerations. Requesting guidance from the ABCD can help you maintain high levels of professionalism in your work in the face of difficult or confusing circumstances.

Requests for guidance can be formal or informal. Generally, an individual ABCD member answers an informal inquiry. These responses represent the individual ABCD member's considered opinion, not the views of the ABCD as a whole. Infor-

mal guidance is generally provided within a few days, and sometimes immediately. Formal requests are considered by the ABCD as a whole. Sometimes, actuaries ask for the opinion of the entire ABCD. This involves all members of the ABCD

and can take months. Actuaries may learn more about how to request guidance on the [ABCD's website](#).

The ABCD's provision of guidance is a vital force guiding the profession to fulfill its responsibility to the public. ▲