

First Impressions of U.S. Actuarial Professionalism

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I arrived at the Academy in October 2015 a newcomer to the world of U.S. actuaries and their proud tradition of professional self-regulation. I was impressed immediately by the profession's commitment to public service and by the commitment of the Academy's members to objectivity, independence, and effectiveness in their volunteer activities. Moreover, as I witnessed Academy volunteers participating in critically important public policy discussions, I became intrigued by the way that regulators and other public officials view Academy members as trusted advisers and reliable partners.

During the past four months, as I have started to make my way up the learning curve as the Academy's director of professionalism, I have had an opportunity to explore firsthand the sources of the credibility of the Academy and its volunteers that have allowed the U.S. actuarial profession to become such a powerful and trusted voice in the public policy arena. My conclusion is that such credibility and impact does not come merely from having members who are smart or business-savvy. Rather, it grows out of their commitment to professionalism.

Professionalism is a complex topic. I have been aided in my understanding of it through the intellectual prowess and generosity of my Academy colleagues and the many professionalism resources that are available on the Academy's website. One of these resources that I would recommend to every reader is the discussion paper, [Structural Framework of the U.S. Actuarial Professionalism](#), which was written by some of the giants of the actuarial profession.

What these excellent resources establish is that professional credibility—and the expertise, objectivity, and independence from which it springs—are the products of what I will call *the right set of values, the right set of standards, and the right set of institutions*. These are bundled in the concept of professionalism, but I would like to break them down and explain how they fit together.

The right set of values

The Academy's founders believed there are certain values that make one a "professional." These values are: dedication to service, ethical conduct, specialized knowledge and skills, professional authority, and independence. The *Structural Framework* paper describes these values from the eyes of the beholder (i.e., the public) when it states: "Those seeking professional services usually turn for advice to professionals because of the trust they repose in the expertise, reputation, and standing of the profession."

Trust! Trust in expertise, in reputation, and in the standing of the profession. In other words, being a professional is not about personal interest or personal gain or political advantage. The founders of the Academy believed that to be a professional, every actuary had duties not only to him- or herself, but to the public and the profession. This duty is reflected in the very first sentence of the Code of Professional Conduct: "The purpose of this Code of Professional Conduct is to require Actuaries to adhere to the high standards of conduct, practice, and qualifications of the actuarial

profession, thereby supporting the actuarial profession in fulfilling its responsibility to the public."

The right set of standards

To promote trust, the Academy and its members have established shared standards. These are expressed in the Code of Conduct, the U.S. Qualification Standards, and the actuarial standards of practice (ASOPs), and through the counseling and discipline provided by the Actuarial Board for Counseling and Discipline (ABCD). Each of these pillars of professionalism is rooted in the values of trust and professional responsibility.

Consider, for example, the way the *Structural Framework* paper describes counseling and discipline in terms of public trust: "The manner in which the profession responds to violations of professionalism standards is crucial to their [regulators and the users of actuarial services] confidence. Well-administered disciplinary procedures are clearly needed to demonstrate that the profession is in charge of its standards and thus able to protect the public appropriately."

The right set of institutions

In order to execute the professionalism mission through the promulgation, administration, and ongoing adaptation of the right set of standards, the actuarial profession also established the right set of institutions. The Academy board of directors initiated the bylaws that created the Actuarial Standards Board (ASB) and the ABCD. It also created the Committee on Qualifications purposefully to address the need to establish standards for signing statutory opinions. In addition, the Academy's Council on Professionalism serves as a liaison across the profession to "foster and reinforce members' desire to maintain professionalism in their daily practice and to provide members with the tools to do so." These entities are also structures that support and promote public trust.

Importantly—and this is a point I plan to emphasize whenever the opportunity presents itself—these entities are the products of long, evolutionary, evidence-based, deliberative processes. It took years of effort and thinking to develop and adopt the Code of Conduct, the ASOPs, the Qualification Standards, and the mechanisms of the ABCD. They are not the products of rash innovation. To create these institutions, to strengthen them, and to keep them relevant has required continual effort. Such effort requires actuaries to step away from their day jobs and from their own self-interests, and to think about the public and the profession. It has taken time and it takes time. But the results have been impressive and essential to the respect that the actuarial profession enjoys.

My first impression of U.S. actuarial professionalism is extremely favorable. And I am pleased that the spirit of professionalism is alive and well. As Academy President Tom Wildsmith so eloquently summarized [in this space](#) in July 2015, "We all benefit from the trust the U.S. actuarial profession has earned by fostering an increasing level of actuarial professionalism over time." ▲