

2006 Yearbook



AMERICAN ACADEMY *of* ACTUARIES

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American Academy of Actuaries.

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This Is the Academy

The American Academy of Actuaries is the voice of U.S. actuaries on public policy and professionalism issues. It represents the U.S. profession both domestically and internationally.

The Academy provides reliable, independent actuarial expertise on public policy issues to Congress, state legislatures, other policy-makers, regulators, and the public. The Academy also develops and maintains standards of qualification to practice as an actuary.

In addition, the activities of the Actuarial Standards Board (ASB), the Actuarial Board for Counseling and Discipline (ABCD), and the Joint Committee on the Code of Professional Conduct are coordinated through the Academy's Council on Professionalism. The ASB and ABCD are independent organizations, but they receive administrative support from the Academy.

The Academy's work is governed by three primary groups: the Board of Directors, the Executive Committee, and the President's Advisory Committee.

Academy committees and task forces are appointed annually, the period running from the close of one annual meeting to the opening of the next.

2006 Membership Statistics

Academy Membership

Membership as of Nov. 1, 2005	14,932
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Membership as of Nov. 1, 2006	15,047
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Academy Membership by Employment (As of December 7, 2006)

Membership			
Employment	2004	2005	2006
Insurance and related organizations	6,690	6,763	7,172
Consulting practice	5,126	5,175	5,252
Government	276	274	266
Academic institutions	44	50	52
Other	737	805	692
Retired	1,402	1,421	1,342
Unaffiliated	487	444	271
Total	14,762	14,932	15,047

Membership by Practice Area 2006*

Casualty	2,799
Health	2,635
Life	3,184
Pension	3,351
Risk Management and Financial Reporting	1,051
Total	13,020

*Not all members indicated a practice area

American Academy of Actuaries

Vision Statement

The vision for the actuarial profession, "The public recognizes actuaries as the architects of financial security," is realized.

To achieve this vision, it is imperative that:

- The profession's publics recognize the Academy as the source of reliable, independent actuarial expertise bearing on public policy issues, as the organization that establishes and enforces professional actuarial standards at the highest level, and as a collaborative partner in actively furthering the interests of the profession;
- All actuaries practicing in the United States are members of the Academy;
- The Academy executes its responsibilities at the highest levels of excellence.

Mission Statement

As the organization representing the entire United States actuarial profession, the American Academy of Actuaries serves the public and the actuarial profession both nationally and internationally through:

- a. Establishing, maintaining, and enforcing high professional standards of actuarial qualification, practice, and conduct;
- b. Assisting in the formulation of public policy by providing independent and objective information, analysis, and education; and
- c. In cooperation with other organizations representing actuaries,
 - Representing and advancing the actuarial profession, and
 - Increasing the public's recognition of the actuarial profession's value.

Visions for the Core Functional Areas

Professionalism Vision

The profession's publics acknowledge and respect the exceptionally high level of integrity and competence demonstrated by actuaries.

Public Policy Vision

The Academy is the primary source of impartial expertise and practical advice on public policy issues regarding financial security and management of risk.

Communications Vision

All key audiences recognize the value of the actuarial profession and the Academy's activities.

Academy Structure and Governance

The American Academy of Actuaries is a national organization formed in 1965 to bring together, in a single entity, actuaries of all specializations within the United States. A major purpose of the Academy is to act as a public information organization for the profession. Academy committees regularly prepare testimony for Congress, provide information to congressional staff and senior federal policy-makers, comment on proposed federal and state regulations, and work closely with the National Association of Insurance Commissioners and state officials on issues related to insurance and other forms of risk financing. The Academy establishes qualification standards for the actuarial profession in the United States and houses two independent boards: The Actuarial Standards Board promulgates standards of practice for the profession, and the Actuarial Board for Counseling and Discipline helps to ensure that high standards of professional conduct are met.

Board of Directors

Peter Perkins, President
Steven Lehmann, President-Elect
John Parks, Secretary-Treasurer
Michael Abroe, Vice President, Health
Mary D. Miller, Vice President, Casualty
David Sandberg, Vice President, Life
Geoffrey Sandler, Vice President, Professionalism
Donald Segal, Vice President, Pension
Timothy Tongson, Vice President, Risk Management and Financial Reporting
Robert Wilcox, Immediate Past President
Barbara J. Lautzenheiser, Past President

Robert Beuerlein
Al Bingham
Paul Brathwaite
Thomas Campbell
Frederick Kilbourne
Ethan Kra
Elise Leibers
Karl Madrecki
Thomas Myers

Stephen Radcliffe
Edward Robbins
Sarah Simoneaux
P.J. Eric Stallard
Christine Stroud
Andrea Sweeny
Thomas Terry
Patricia Teufel
James Verlautz

2006 Academy Board of Directors



Peter Perkins
President
2008



Steven Lehmann
President-Elect
2009



John Parks
Secretary-Treasurer
2007



Michael Abroe
Vice President, Health
2006



Mary D. Miller
Vice President, Casualty
2006



David Sandberg
Vice President, Life
2007



Geoffrey Sandler
Vice President, Professionalism
2006



Donald Segal
Vice President, Pension
2007



Timothy Tongson
VP, Risk Management and Financial Reporting
2007



Robert Wilcox
Immediate Past President
2007



Barbara Lautzenheiser
Penultimate Past President
2006



Robert Beuerlein
Special Director
President, SOA
 2006



Al Bingham
Regular Director
 2008



Paul Braithwaite
Special Director
President, CAS
 2006



Thomas Campbell
Regular Director
 2007



Frederick Kilbourne
Special Director
President, CCA
 2006



Ethan Kra
Regular Director
 2006



Elise Liebers
Regular Director
 2007



Karl Madrecki
Regular Director
 2008



Thomas Myers
Special Director,
President-Elect, CAS
 2007



Stephen Radcliffe
Regular Director
 2006



Edward Robbins
Special Director
President-Elect, SOA
 2007



Sarah Simoneaux
Special Director
President, ASPPA
 2006



P.J. Eric Stallard
Regular Director
2006



Christine Stroud
Special Director
President-Elect,
ASPPA
2007



Andrea Sweeny
Regular Director
2006



Thomas Terry
Special Director
President-Elect, CCA
2007



Patricia Teufel
Regular Director
2006



James Verlautz
Regular Director
2008

Board of Directors

The Board of Directors has 29 members: the Academy's nine officers; the immediate past and past presidents; 10 regular elected directors; and eight special directors consisting of the presidents and presidents-elect of the American Society of Pension Professionals and Actuaries (ASPPA), the Casualty Actuarial Society (CAS), the Conference of Consulting Actuaries (CCA), and the Society of Actuaries (SOA).

The board establishes the Academy's goals and priorities. It elects Academy officers and approves the budgets for the Academy. It considers profession-wide policy issues relevant to the Academy's mission and the profession's goals. It reviews and, when appropriate, approves interim policy and administrative actions made by the Executive Committee. It also initiates bylaw changes.

Years indicate the year that directors' terms expire

Committees of the Board

Executive Committee

Between meetings of the Board of Directors, this committee oversees the operations of the Academy and particularly its councils. This committee has the same powers as the board except for those listed in Article IV of the bylaws. The Executive Committee develops Academy policy subject to board approval and makes recommendations to the board regarding budget, policy, and other important issues.

Peter Perkins, *President*

Steven Lehmann, *President-Elect*

John Parks, *Secretary-Treasurer*

Michael Abroe, *Vice President, Health*

Mary Miller, *Vice President, Casualty*

David Sandberg, *Vice President, Life*

Geoffrey Sandler, *Vice President,
Professionalism*

Donald Segal, *Vice President, Pension*

Timothy Tongson, *Vice President,
Risk Management and Financial
Reporting*

Robert Wilcox, *Immediate Past President*

Kevin Cronin, *Staff Liaison*

Audit Committee

The Audit Committee is a committee of the board and is charged with overseeing the annual audit of Academy funds, meeting with the Academy's outside auditor, and reporting on the audit to the president and Board of Directors. It will operate in form and under policies approved from time to time by the Board of Directors.

Stephen Radcliffe, *Chairperson*

Thomas Campbell

James Verlautz

Joanne Anderson, *Staff Liaison*

Personnel and Compensation Committee

This committee of the Board of Directors provides broad-based policy oversight of the Academy's personnel function, including both direct and indirect compensation. This committee develops, monitors and maintains the Academy's policies concerning compensation and personnel with input from the President's Advisory Committee and executive staff. The Personnel and Compensation Committee has the responsibility to ensure that the Academy's personnel policies and programs comply with all applicable laws and regulations. The Personnel and Compensation Committee reports to the board at least annually.

John Parks, *Chairperson*

Michael Abroe

Donald Segal

Robert Wilcox

Kevin Cronin, *Staff Liaison*

Gail Ingram, *Staff Liaison*

Joanne Anderson, *Staff Liaison*

Presidential Committees

President's Advisory Committee

This committee oversees Academy management and prepares recommendations for the Executive Committee on policy issues.

Peter Perkins, *Chairperson*
Steven Lehmann
Robert Wilcox
Kevin Cronin, *Staff Liaison*

Appointed Actuaries Task Force

This committee was formed to extend the concepts of the report of the Casualty Actuarial Society Task Force on Actuarial Credibility to the appointed actuaries of life and health insurers to the extent that they are applicable, and also to pension actuaries and others who provide actuarial certifications.

Burton Jay, *Chairperson*
Michael Abroe
Donna Claire
Kenneth Kent
Mary D. Miller
David Sandberg
Geoffrey Sandler
Donald Segal
Timothy Tongson
Craig Hanna, *Staff Liaison*

Committee on Strategic Planning

This committee is responsible for monitoring the implementation of and suggesting revisions to the strategic plan. This involves working with the Academy staff, various committees, and the Board of Directors in administering an annual planning cycle. This committee is also responsible for identifying new strategic issues for consideration by the Board

of Directors and for participating appropriately in professionwide long-term planning.

Steven Lehmann, *Chairperson*
Michael Abroe
Mary Miller
John Parks
Peter Perkins
David Sandberg
Geoffrey Sandler
Donald Segal
Timothy Tongson
Kevin Cronin, *Staff Liaison*

CRUSAP

To spearhead its Critical Review of the U.S. Actuarial Profession (CRUSAP), the American Academy of Actuaries established a presidential task force in mid-2005. The CRUSAP Task Force is identifying the challenges and opportunities facing the actuarial profession and will make recommendations to the profession for addressing emerging and future developments. Assisting the task force is a 30-person advisory panel of actuaries and non-actuaries.

The task force is focusing on identifying the actuarial needs of the public and determining whether these needs are currently being met by actuaries or others. The needs of direct users of actuarial services, and of actuaries themselves, are also being identified. To implement its review, the task force has developed web-based questionnaires located on its website (www.crusap.net) and is conducting interviews, implementing focus groups, and undertaking an extensive literature search.

The CRUSAP effort is financed and staffed by the Academy as a service to the U.S. profession. The Academy's sister organizations — the American Society of Pension Professionals and Actuaries (ASPPA), the Casualty Actuarial Society (CAS), the Conference of Consulting Actuaries (CCA), and the Society of Actuaries (SOA) — have been supportive of the CRUSAP project. Each of these organizations' presidents and

presidents-elect sits on the Academy Board of Directors.

Fred Kilbourne, *Chairperson*

Bob Collett

Ken Kent

Guy King

Jim Rech

Jack Turnquist

Terri Vaughan

Mindy Reiser, *Staff Liaison*

Kevin Cronin, *Staff Liaison*

Federal Agenda Task Force

The Federal Agenda Task Force is organized to coordinate the Academy's responses to issues coming before the Congress, whether they originate with Congress or the administration. In order to accomplish this, the task force shall: identify and track issues falling under this charge; exchange information with the practice councils about developments relating to these issues; coordinate efforts when an issue involves more than one practice council; identify and be familiar with Academy statements and publications that may be helpful in forming responses from the Academy; be prepared to provide a spokesperson on short notice on any of these issues, if necessary; take the lead in issues within the scope of this charge regarding personal security, including but not limited to Social Security, Medicare/Medicaid, employee benefits/retirement security (including individual accounts, funding and taxation), and federal reforms of insurance regulation.

Cori Uccello, *Chairperson*

Ron Gebhardtshauer, *Vice Chairperson*

Michael Abroe

Alfred Bingham, Jr

Ralph Blanchard

Barbara J. Lautzenheiser

Mary D. Miller

Rade T. Musulin

David K. Sandberg

Geoffrey C. Sandler

Bruce D. Schobel

Donald J. Segal

Timothy J. Tongson

Craig Hanna, *Staff Liaison*

Noel Card, *Staff Liaison*

Nominating Committee

This committee nominates a slate of candidates for the Board of Directors for presentation at the annual meeting and nominates a slate of candidates for Academy officers for presentation to the Board of Directors.

Barbara Lautzenheiser, *Chairperson*

Robert Wilcox, *Vice Chairperson*

Steven Lehmann

Peter Perkins

Thomas Myers

Edward Robbins

Christine Stroud

Thomas Terry

Kevin Cronin, *Staff Liaison*

Lauren Bloom, *Staff Liaison*

Litigation Review Committee

This committee provides broad-based oversight of briefs the Academy submits as amicus curiae to ensure that the subject matter is appropriate for Academy comment, that statements contained therein do not contradict Academy positions, and that the briefs have been prepared in accordance with Academy guidelines. It authorizes submission of the briefs to the appropriate courts.

Peter Perkins, *Chairperson*

Michael Abroe

David Sandberg

Donald Segal

Mary D. Miller

Geoffrey Sandler

Timothy Tongson

Lauren Bloom, *Staff Liaison*

Secretary- Treasurer Committees

John Parks, Secretary-Treasurer

Budget and Finance Committee

This committee prepares financial projections and the annual budget, and recommends the dues structure to the Board of Directors. It also develops and maintains the investment policy for Academy funds, such policy to be implemented by the Secretary-Treasurer.

John Parks, *Chairperson*

Alan Ford

Larry Gorski

Bruce Schobel

John Schubert

Joanne Anderson, *Staff Liaison*

Communications Review Committee

This Academy Committee is charged with reviewing all Academy communications programs. It provides broad oversight of all Academy external communications and publications intended for Academy members and other audiences. The committee assesses the timeliness and effectiveness of Academy communications. It reviews Academy-only communications efforts and communications programs conducted jointly with other organizations representing actuaries. Its focus is on policies governing the use of communication tools and the roles of staff and volunteers, rather than on the technical content of communications.

Rade Musulin, *Chairperson*

Edwin Husted

James Murphy

Robert Musen

John Parks

Julia Philips

Noel Card, *Staff Liaison*

Chris Robichaux, *Staff Liaison*

Contingencies

The editorial advisory board provides policy guidance, technical advice, and oversight to staff editors in the production of Contingencies, the magazine of the actuarial profession.

Julia Philips, *Chairperson*

Dwight Bartlett III

Robert Brown

Frederick Kilbourne

Barbara Lautzenheiser

Bruce Schobel

Susan Witcraft

Steve Sullivan, *Editor*

Actuarial Update

The editorial advisory board for the Actuarial Update provides policy guidance, technical review, and oversight for the monthly Academy newsletter, which focuses on major professional issues, public policy developments, and Academy activities.

William Carroll

Patrick Collins

Andrew Eрман

Rade Musulin

Geoffrey Sandler

Donald Segal

Linda Mallon, *Editor*

Enrolled Actuaries Report

The editor of the Enrolled Actuaries Report provides policy guidance, technical review, and editorial content for the Enrolled Actuaries Report, the quarterly Academy newsletter that examines pension issues and Academy initiatives that are important to enrolled actuaries. The contributing editors of the Enrolled Actuaries Report provide editorial content for the newsletter.

Donald Segal, *Editor*

Contributing Editors

Andrew Eisner

Bruce Gaffney

Ron Gebhardtshauer

Heather Jerbi
James Kenney
Adrien LaBombarde
Diane Storm
Linda Mallon, Managing Editor

Committee on Membership

This committee is responsible for ongoing relations with existing and prospective Academy members. It periodically reviews Academy membership and dues policies and recommends changes to the Board of Directors and Executive Committee. In fulfilling its charges, the committee is to ensure that member affiliations and new-member recruitment activities are included as a vital part of the Academy communications plan.

Daniel McCarthy, *Chairperson*
Richard Bailey
Regina Berens
Mark Dunbar
Todd Erkis
Michael Georgas
Anne Kelly
Gail Ross
David Shea
Robert Wilcox
Chris Robichaux, Staff Liaison
Mark Paster, Staff Liaison

Committee on Technology

The Technology Committee monitors and evaluates current and emerging technology to determine whether and how specific technologies can be used to communicate various Academy messages to members and nonmembers, and to increase the Academy's effectiveness. In addition, the committee uses information from the Academy archives and other sources to provide a complete database of actuarial and related resources for members to make the Academy a preeminent source of information on public policy affecting its constituencies. The committee also researches and recommends future technological innovations for the Academy

and, as appropriate, coordinates with the Communications Review Committee as well as other North American actuarial organizations on matters related to technology.

Robert Musen, *Chairperson*
William Hall
Rade Musulin
John Parks
Matthew Wessel
Mark Paster, Staff Liaison

International Committees

North American Actuarial Council

The North American Actuarial Council (NAAC) provides a business and social forum to promote coordination, cooperation, and trust among the leadership of the organizations representing actuaries in Canada, Mexico, and the United States.

Robert Beuerlein
Paul Braithwaite
Norman Gendron
Frederick Kilbourne
Steven Lehmann
Charles McLeod
José Muriel
Thomas Myers
Peter Perkins
Ana Maria Ramirez
Edward Robbins
Sarah Simoneaux
Christine Stroud
José L. Suarez
Thomas Terry
Jesús Zúñiga
Kevin Cronin, Staff Liaison

Joint Committee on IAA Coordination

Barbara Lautzenheiser, *Chairperson*
Kenneth Buffin, *Conference*
Robert Conger, *CAS*
Sam Gutterman, *SOA*
Sarah Simoneaux, *ASPPA*
Peter Perkins, *Academy*
Kevin Cronin, Staff Liaison

IAA Oversight Committee

Peter Perkins, *Chairperson*
Michael Abroe
Howard Bolnick
Paul Braithwaite
Tony Broomhead
Kenneth Buffin
William Hines
Curtis Huntington
Burt Jay
Steven Lehmann
Shu-Yen Liu
Daniel McCarthy
Mary Miller
Robert Rietz
David Sandberg
Geoffrey Sandler
Donald Segal
Timothy Tongson
Terri Vaughan
Robert Wilcox
Kevin Cronin, Staff Liaison
Lauren Bloom, Staff Liaison

Overview

As the public policy arm of the U.S. actuarial profession, the Academy provides independent, objective analysis to policy-makers and regulators. Academy members use their actuarial expertise to contribute to the public debate on major issues ranging from Social Security solvency to terrorism insurance.

The Academy's public policy efforts — which run the gamut from writing policy papers and testifying before Congress and state legislatures to actuarial analysis of the impact of regulations and working with the NAIC — are supported by the Casualty Practice Council, Health Practice Council, Life Practice Council, Pension Practice Council, and Risk Management and Financial Reporting Council. The Academy's senior health fellow and senior pension fellow help represent the Academy on public policy issues.

In recent years, the Academy also has provided an actuarial perspective on key issues by sponsoring Capitol Hill briefings for congressional staff and policy-makers. The Hill briefings have covered such varied topics as Social Security reform, asbestos liability, retirement security, and the Medicare prescription drug benefit. The Hill briefings reflect an increased emphasis on the public policy debate at the national level. Similarly, members have been called upon to testify on numerous occasions about pension funding and medical liability reform issues. At the same time, Academy volunteers continue to work extensively on state insurance issues with the NAIC, the National Conference of Insurance Legislators, rule-making bodies such as the Federal Accounting Standards Board and the Governmental Accounting Standards Board, and interested parties such as the American Institute of Certified Public

Accountants and the AARP. International issues have also moved into the foreground in recent years.

To assist Academy members and staff involved in public policy activities, the Board of Directors adopted the "Guidelines for Making Public Statements" in 1982. The guidelines were updated most recently in 2006 to cover public statements made in an international context. The Academy's public statements include issue briefs, monographs, and comment letters, as well as other types of comment and analysis.

Vision and Strategic Direction

Public Policy Vision

The Academy is the primary source of impartial expertise and practical advice on public policy issues regarding financial security and management of risk.

Strategic Directions

1. Educate public policy-makers and the general public on aspects of issues relating to financial security and actuarial soundness to promote the public good.
2. Advocate for public policy outcomes that are actuarially sound.
3. Advocate on behalf of the actuarial profession in order to promote and protect the profession and to increase the influence of the Academy and the actuarial profession in the creation of public policy that affects the profession.
4. Advocate on behalf of the actuarial profession for sound public policy outcomes to increase the recognition, appreciation, and use of actuaries in new areas of practice.

The Casualty Practice Council in 2005

The Academy accomplished a considerable amount of work behind the scenes last year on issues of continuing importance to casualty actuaries.

When Congress voted in late December to extend the Terrorism Risk Insurance Act (TRIA) by two years, its action was consistent with independent and objective analysis provided by members of the Academy's TRIA subgroup, which was formed to meet requests from congressional staff seeking independent and objective information, analysis, and education on the extension or replacement of TRIA. Concerned

that differences in separate House and Senate bills couldn't be reconciled before TRIA expired on Dec. 31, the Academy issued a statement in early December calling for a permanent federal solution and sounding a note of caution about making significant changes to a complex program without allowing sufficient time for analysis of the various options. The Academy statement came just in time for a significant flurry of Congressional maneuvering around TRIA's future. Moves to block markup of the two bills, which would have delayed action until well into 2006, were abandoned.

The Academy was also active in the area of medical malpractice. In February, James Hurley, former chairperson of the Academy's Medical Malpractice Subcommittee, testified before the House Energy and Commerce Subcommittee on Health. In April, the Casualty Council pub-

lished a paper on creating medical malpractice closed-claim databases for use by both actuaries and non-actuaries. And Kevin Bingham, Hurley's successor as subcommittee chairperson, represented the Academy in a July Wash-



In testimony before the Health Subcommittee of the Energy and Commerce Committee, Feb. 10, James Hurley of the Academy's Medical Malpractice Subcommittee, helped to dispel three major misconceptions about med-mal insurance, proving why, "The medical malpractice insurance marketplace continues to be in serious turmoil." After the hearing, subcommittee chairman Congressman Nathan Deal (R-Ga.), privately asked Hurley some follow up questions.

ington roundtable on medical malpractice that was sponsored by the Alliance for Health Reform.

The subcommittee also criticized a report by the Center for Justice and Democracy, calling it "incomplete, actuarially unsound, and misleading," and encouraged legislative and regulatory policy-makers to ask their state insurance department actuaries for further clarification.

tion.

On the regulatory front, the Academy's Committee on Property and Liability Financial Reporting (COPLFR) delivered a 241-page report on risk transfer in P/C reinsurance to the NAIC. COPLFR also sent the NAIC an evaluation of a bifurcation approach to reinsurance accounting and commented on a new NAIC reinsurance attestation requirement for CEOs and CFOs that becomes effective in 2006. COPLFR also issued practice guidance for actuaries helping executives comply with the new requirement.

In the professionalism arena, COPLFR facilitated two popular seminars on loss reserve opinions in October. The Academy also joined a new interorganizational steering committee on actuarial credibility formed by the Casualty Actuarial Society (CAS).

**Casualty Practice Council:
Mary Miller, Vice President**

**P/C Risk-Based Capital Committee:
Tony George Philips, Chairperson**

**P/C Financial Soundness/Risk Management Committee:
Charles Emma, Chairperson**

**P/C Products, Pricing, and Market Committee:
Anne Kelly, Chairperson**

**Workers' Compensation Subcommittee:
Timothy Wisecarver, Chairperson**

**Automobile Insurance Subcommittee:
Cara Blank, Chairperson**

**Medical Malpractice Subcommittee:
Kevin Bingham, Chairperson**

**Property and All Other Lines Subcommittee:
Jeff Kucera, Chairperson**

**Committee on Property and Liability Financial Reporting:
Nancy Watkins, Chairperson**

**P/C Extreme Events Committee:
Dennis Fasking, Chairperson**

**Mass Torts Subcommittee:
Jennifer Biggs, Chairperson**

**Joint Casualty Loss Reserve Seminar Planning Committee:
Scott Charbonneau, Chairperson**

**Terrorism Risk Insurance Act Subgroup:
Michael McCarter, Chairperson**

Casualty Practice Council – 2006

Mary D. Miller, *Vice President*
Rade Musulin, *Vice Chairperson*
Paul Braithwaite
Christopher Carlson
Scott Charbonneau
Charles Cook
Charles Emma
Dennis Fasking
Alice Gannon
Roger Hayne
Anne Kelly
Mary Frances Miller
Robert Miccolis
Thomas Myers
Tony Phillips
Steven Petlick
Andrea Sweeny
Nancy Watkins
Scott Weinstein
Greg Vass, Staff Liaison

Property and Casualty Risk Based Capital Committee

This committee works primarily with the National Association of Insurance Commissioners. At the request of the NAIC, the committee analyzes issues of concern to the NAIC's Risk-Based Capital Working Group and Task Force and provides recommendations on ways to clarify and improve the risk-based capital formulas.

Tony George Philips, *Chairperson*
Athula Alwis
Wanchin Chou
Margaret Germani
James Hurley
Gerald Kirschner
Alexander Krutov
Mark Mulvaney
Christopher Nice
Chester Szczepanski
Robert Wolf
Greg Vass, Staff Liaison

P/C Products, Pricing, and Market Committee

This committee is involved with proactively seeking to provide actuarial support, advice, and communications on issues related to property and liability products. This will focus on product features and their design, and may coordinate issues that are financial and solvency based. The committee will communicate and provide information to the Academy membership or respond to regulatory requests on such product areas. The committee will engage in the development of public policy at the state, federal, and international levels.

Anne Kelly, *Chairperson*
Kevin Bingham
Cara Blank
Jeff Kucera
Tim Wisecarver
Greg Vass, Staff Liaison

Workers' Compensation Subcommittee

Timothy Wisecarver, *Chairperson*
Michele Bernal
Thomas Cawley
Brian Clancy
Ann Conway
Thomas DeFalco
John Herzfeld
Gary Josephson
Thomas Lee
Ramona Lee
Barry Llewellyn
Sarah McNair-Grove
David Mohrman
Kay Rahardjo
Rial Simons
Nancy Treitel
Christopher Walker
Alfred Weller
Greg Vass, Staff Liaison

Automobile Insurance Subcommittee

Cara Blank, *Chairperson*
Jonathan Blake
David Chernick
David Chernow
Patrick Crowe
Stacey Gotham
Geoffrey Werner
Greg Vass, Staff Liaison

Medical Malpractice Subcommittee

Kevin Bingham, *Chairperson*
Brian Alvers
David Axene
William Burns
Linda Dembiec
James Hurley
Richard Kipp
William Murphy
Kenneth Quintilian
Sharon Robinson
Edward Wrobel
Greg Vass, Staff Liaison

Property and All Other Lines Subcommittee

Jeffrey Kucera, *Chairperson*
Mark Allaben
Alfred Weller
Greg Vass, Staff Liaison

Committee on Property and Liability Financial Reporting

This committee monitors activities regarding financial reporting related to property and liability risks, reviews proposals made by various organizations affecting the actuarial aspects of financial reporting and auditing issues related to property and liability risks, and evaluates property and liability insurance and self-insurance accounting issues.

Nancy Watkins, *Chairperson*
Marc Oberholtzer, *Vice Chairperson*
Robert Wainscott, *Vice Chairperson*

Lisa Besman
Kristi Carpine-Taber
Robert Eramo
Edward Ford
Thomas Ghezzi
Holmes Gwynn
Joseph Herbers
Andrew Kudera
Jay Morrow
Dale Ogden
Marc Pearl
Marvin Pestcoe
Sheldon Rosenberg
Rae Taylor
Scott Vandermyde
James Votta
Thomas Wallace
Scott Weinstein
Greg Vass, Staff Liaison

P/C Extreme Events Committee

This committee has been charged with identifying possible extreme events (low frequency-high severity events that could generate extremely large property/casualty losses). Furthermore, the committee will identify issues relevant to the treatment of such risks including sizing, insurability, pricing, funding, reserving, capital management, and loss mitigation. Included in the committee's charge will be monitoring of federal and state catastrophe legislation and interaction with the NAIC on these issues.

Dennis Fasking, *Chairperson*
Steven Goldberg, *Vice Chairperson*
James Biller
Peter Burchett
Patricia Furst
David Lalonde
Stuart Mathewson
Anthony Pipia
Martin Simons
John Swisher
Thomas Weidman
Greg Vass, Staff Liaison

Mass Torts Subcommittee

Jennifer Biggs, *Chairperson*
Raji Bhagavatula
Hsiu-Mei Chang
Bryan Gillespie
Thomas Johnston
Steven Math
Claus Metzner
Steven Symon
Trevar Withers
Greg Vass, Staff Liaison

Casualty Loss Reserve Seminar Planning Committee

This committee develops the program for the Casualty Loss Reserve Seminar, cosponsored by the Academy, the Casualty Actuarial Society, and the Conference of Consulting Actuaries.

Scott Charbonneau, *Chairperson*
Chester Szczepanski, *Vice Chairperson*
Leigh Halliwell
Christopher Bozman
William Burns
Kenneth Carlton
Joseph Herbers
Heather Lake
George Levine
Avivya Stohl
Robert Wolf
Joshua Zirin
Greg Vass, Staff Liaison

P/C Financial Soundness/Risk Management Committee

The committee will proactively provide actuarial support, advice, and communications on topics that involve the soundness and risk management of property and liability insurance. This includes seeking out additional audiences and topics that should be addressed by this committee so that it can coordinate and respond to issues at a state, federal, and international level. The committee will actively interface with the NAIC and the Financial Reporting Council's Solvency and Risk Management Task Force.

The committee will also communicate and provide information to the membership of the Academy regarding these issues.

Charles Emma, *Chairperson*
Shawna Ackerman
Kevin Bingham
Ronnie Fowler
Richard Gorvett
Jeffrey Kadison
Christopher Ritter
Deborah Rosenberg
James Ross
Robert Wilcox
Greg Vass, Staff Liaison

Terrorism Risk Insurance Act Subgroup

Michael McCarter, *Chairperson*
Terry Alfuth
George Burger
Cecil Bykerk
Dennis Fasking
Steven Gathje
Rade Musulin
Daniel Skwire
David Smith
Chester Szczepanski
Kevin Thompson
Greg Vass, Staff Liaison

The Health Practice Council in 2005

As it has for the past few years, Medicare remained one of the top priorities of the Health Practice Council.

In 2005, the council published a new issue brief on key areas in Medicare where action is still needed and updated an earlier issue brief on Medicare's financial condition. In conjunction with the Pension Practice Council, the council held a Capitol Hill Briefing on the financial conditions of both Medicare and Social Security. At the same time, the council began work on practice notes related to actuarial equivalence under the Medicare

Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). In August, the Academy, in conjunction with the Centers for Medicare and Medicaid Services, unveiled an online system for actuaries who attest to the actuarial equivalence of retiree health plans seeking a Medicare Part D subsidy. Membership in the Academy is a legal requirement for actuaries filing an attestation.

In other areas, the council published a September backgrounder for legislators and other policy-makers who are evaluating the possibility of offering government-sponsored reinsurance to health plans as part of an effort to reduce soaring health care premiums. The backgrounder grew out of a July meeting on the topic between Senior Health

Fellow Cori Uccello and Rob Bachler, a member of the Academy's Medical Reinsurance Work Group, and Rep. Paul Ryan (R-Wis.). Last year also saw the publication of issue briefs on a variety

of topics, including mental health parity, medical reinsurance, disease management, and association health plans. The Academy hosted a July Capitol Hill briefing for legislative staff, journalists, and other policy-makers on the basics of risk pooling, as a follow up to its AHP issue brief.

On the state front, the Academy provided the NAIC with proposed revisions

to the long-term care experience reporting instructions and forms. The Academy also provided proposed health risk-based capital (RBC) instruction, formula changes, and risk factors that will aid in the implementation of Medicare Part D beginning in 2006. The Academy continued its work on stop-loss RBC issues and provided a U.S. perspective on these and other topics through letters to international organizations. And during the course of the year, Academy work groups drafted practice notes on a variety of subjects, including small group medical business, individual major medical business, statutory reserves for individual disability income insurance, and actuarial certification of rates for Medicaid managed care and for the retiree drug subsidy.



The July 22 Capitol Hill briefing, "Wading Through the Basics on Health Care Risk Pooling," featured actuarial experts who explained how risk pooling works, examined theory versus reality, discussed the effects of selection and anti-selection, and answered questions from the invited congressional staffers, journalists, and policy-makers. The panelists included Karen Bender (above), chairperson of the Academy's Association Health Plan work group, David Shea, a member of the Association Health Plan work group, and Cori Uccello, the Academy's senior health fellow.

Health Practice Council
Michael Abroe, Vice President
John Schubert, Vice Chairperson

Professionalism Liaison: Geoffrey Sandler

Committee on Federal Health Issues: Alfred Bingham, Chairperson
 Thomas Wildsmith, Vice Chairperson

Medical Malpractice Liason: David Axene

Federal LTC Task Force: P.J. Eric Stallard, Chairperson,
 Bruce Stahl, Vice Chairperson

Individual Medical Market Task Force: Michael Abroe, Chairperson

Small Group Market Task Force: Karen Bender, Chairperson

Consumer Driven Health Plans Work Group: James Murphy, Chairperson

Emerging Data Subgroup: David Tuomala, Chairperson

Disease Management Work Group: Robert Parke, Chairperson

Health Care Quality Work Group: Michael Thompson, Chairperson

HPC Extreme Events Work Group: Janet Carstens, Chairperson

Medical Reinsurance Work Group: Patrick Collins, Chairperson

Uninsured Work Group: Karl Madrecki, Chairperson
 Cathy Murphy-Barron, Vice Chairperson

Subgroup on Ways to Provide Coverage:
 Cathy Murphy-Barron, Chairperson

Subgroup to Update Uninsured Issue Brief:
 Steele Stewart, Chairperson

Subgroup on What Is Medical Coverage:
 Karl Madrecki, Chairperson

Committee on State Health Issues: William Weller, Chairperson

State Long-Term Care Task Force: Robert Yee, Chairperson
 Warren Jones, Vice Chairperson

Experience Forms Work Group: Warren Jones, Chairperson

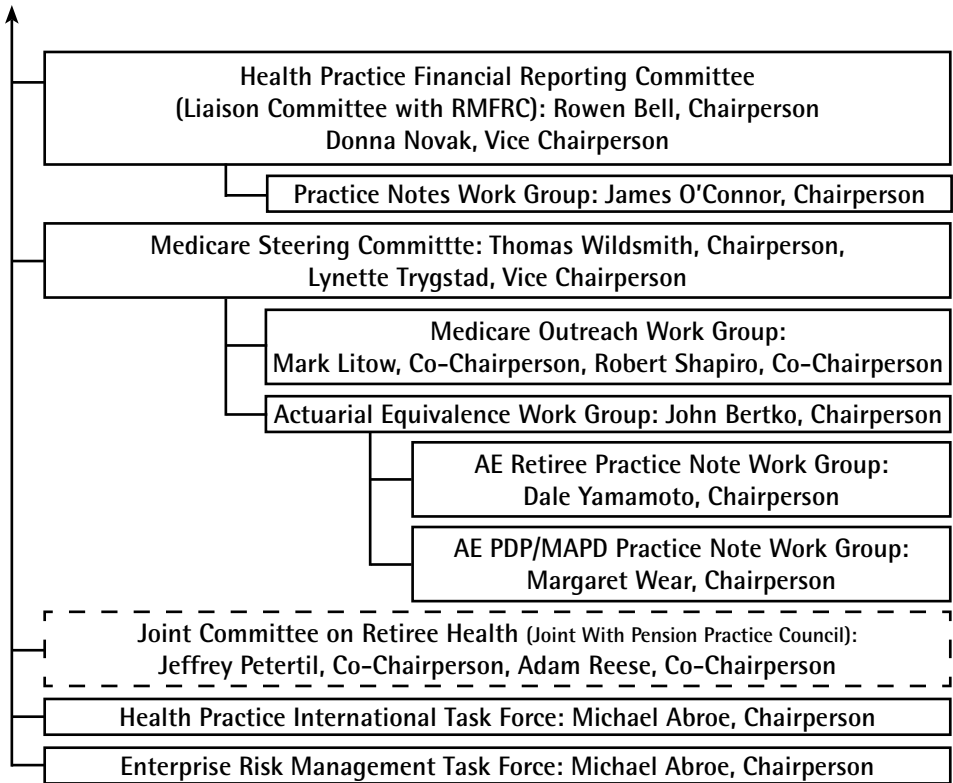
Principles Based Work Group: Robert Yee, Chairperson

Medicare Supplement Work Group: Michael Carstens, Chairperson

Medicaid Work Group: Grady Catterall, Chairperson

Stop-Loss Work Group: Shaun Peterson, Chairperson

Medicare Part D Subgroup: John Fritz, Chairperson



Health Practice Council — 2006

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Alfred Bingham
Janet Carstens
Grady Catterall
Kara Clark
Ian Duncan
Alan Ford
Darrell Knapp
Karl Madrecki
James Murphy
Jeffrey Nohl
Jeffrey Petertil
Geoffrey Sandler
Eric Stallard
Thomas Tomczyk
Cori Uccello
Margaret Wear
Thomas Wildsmith
Holly Kwiatkowski, Staff Liaison
Geralyn Trujillo, Staff Liaison

Senior Health Fellow *Cori Uccello*



The Academy established the senior health fellow program in 1998 to strengthen the public policy role of health actuaries.

In coordination with the Health Practice Council, the

senior health fellow provides independent actuarial expertise to health policy-makers at both the federal and state levels. The fellow develops and maintains close working relationships with members and staff of congressional committees, executive branch officials, and state insurance regulators. The senior health fellow also acts as the Academy's chief spokesperson on health policy issues to the news media and other external audiences.

Committee on

Federal Health Issues

This committee furthers the actuarial profession's involvement in policy issues related to the design, cost, and financing of the nation's health care. The committee monitors federal legislative and regulatory activities in the health arena and prepares congressional testimony, position papers, and other public statements on key health issues. In addition, the committee meets formally and informally with senior federal health policy-makers and their staffs.

Alfred Bingham, *Chairperson*
Thomas Wildsmith, *Vice Chairperson*
David Axene
Karen Bender
Patrick Collins
Alan Ford
Donato Gasparro
Beth Lieberman
Karl Madrecki
Mark McGuire
James Murphy
Donna Novak
Robert Parke
Geoffrey Sandler
John Schubert
David Shea
Harry Sutton
Michael Thompson
Thomas Tomczyk
Roderick Turner
Cori Uccello
Holly Kwiatkowski, Staff Liaison

Federal Long-Term Care Task Force

This task force addresses actuarial issues affecting long-term care plans. It monitors and comments on developments in this area at the federal level and works with policy-makers to assist in developing public policies in connection with long-term care insurance policies.

P J Stallard, *Chairperson*

Bruce Stahl, *Vice Chairperson*

Michael Abroe

Malcolm Cheung

James Glickman

Timothy Gustafson

Walter Liptak

Bartley Munson

Alwyn Powell

James Robinson

Gordon Trapnell

Cori Uccello

Robert Yee

Holly Kwiatkowski, *Staff Liaison*

Individual Medical Market Task Force

The Individual Medical Market Task Force furthers the actuarial profession's involvement in policy issues related to the individual medical market. The work group monitors federal legislation and regulatory activities and is charged with developing background papers intended to inform and educate senior federal policy makers on the workings of the individual medical market.

Michael Abroe, *Chairperson*

Thomas Ahmann

Ronald Bachman

David Bahn

Karen Bender

William Bluhm

Michael Burks

Kenneth Clark

Richard Hauboldt

Mark Litow

Victor Pagnia

Bernard Rabinowitz

Martha Spenny

Roderick Turner

Jerome Winkelstein

Holly Kwiatkowski, *Staff Liaison*

Small Group Market Task Force

The Small Group Market Task Force furthers the actuarial profession's involvement in policy issues related to the small group health insurance market. The work group monitors federal legislation and regulatory activities and is charged with developing papers intended to inform and educate senior federal policy makers on issues related to the small group market.

Karen Bender, *Chairperson*

Ronald Bachman

David Bahn

Jennifer Buck

Michael Burks

James Drennan

John Fleming

Richard Niemiec

Donna Novak

John Parsons

David Shea

Mark Wernicke

Jerome Winkelstein

Holly Kwiatkowski, *Staff Liaison*

Consumer Driven Health Plans Work Group

James Murphy, *Chairperson*

Ronald Bachman

Karen Bender

Patrick Collins

Robert Cosway

Brad Edmister

Jennifer Fleck

John Fleming

Brent Lee Greenwood

Penny Hahn

J. Christopher Hall

Cara Jareb

Michael Jones
Peter Lopatka
Lawrence McCarthy
William McNamara
Jeffrey Nohl
Donna Novak
James O'Connor
David Ogden
Sunit Patel
Jeffrey Petertil
Daniel Plante
Bernard Rabinowitz
Brett Roush
Eric Sock
Robert Stahnke
Michael Sturm
Harry Sutton
David Tuomala
Mark Wernicke
Holly Kwiatkowski, Staff Liaison

Emerging Data Subgroup

David Tuomala, *Chairperson*
Ronald Bachman
Robert Cosway
Jennifer Fleck
Brent Greenwood
Penny Hahn
James Murphy
Sunit Patel
Daniel Plante
Robert Stahnke
Harry Sutton
Kurt Wrobel
Holly Kwiatkowski, Staff Liaison

Disease Management Work Group

Robert Parke, *Chairperson*
David Axene
Kevin Dolsky
Ian Duncan
Charles Fuhrer
Art Lewis
Sandra Loyal
Catherine Murphy-Barron
David Nelson

Donna Novak
Timothy Robinson
Marcia Sander
Geoffrey Sandler
Charles Smith
Steele Stewart
Michael Thompson
Howard Underwood
Greger Vigen
Margaret Wear
Geralyn Trujillo, Staff Liaison

Health Care Quality Work Group

Michael Thompson, *Chairperson*
David Axene
Peter Davidson
Joel Hoffman
Timothy Luedtke
Curtis Robbins
Geoffrey Sandler
Gordon Trapnell
Holly Kwiatkowski, Staff Liaison

HPC Extreme Events Work Group

Janet Carstens, *Chairperson*
Lina Cheung
Thomas Corcoran
James Drennan
Alan Ford
Scott Guillemette
Robert Hastings
John Lloyd
Howell Pugh
Geoffrey Sandler
John Stark
Jim Toole
Lisa Tourville
Shari Westerfield
Holly Kwiatkowski, Staff Liaison

Medical Reinsurance Work Group

Patrick Collins, *Chairperson*
Robert Bachler
Karen Bender
Lina Cheung
James Gutterman
Michael Kemp
Bernard Rabinowitz
Michael Rieth
Timothy Robinson
Brian Shively
Cori Uccello
Howard Underwood
Daniel Wolak
Holly Kwiatkowski, Staff Liaison

Uninsured Work Group

Karl Madrecki, *Chairperson*
Catherine Murphy-Barron, *Vice Chairperson*
Ronald Bachman
David Bahn
Daniel Bailey
Cecil Bykerk
Jonathan Camire
Patrick Collins
Michael Dekker
John Dunn
Andrew Gennarelli
Keith Grassel
Peter Hendee
John Klemm
Stacey Lampkin
Art Lewis
John Lynch
Tom Mellis
Stephen Meskin
Donna Novak
Susan Pierce
Michael Rieth
Curtis Robbins
Carolyn Sadler
Thomas Snook
Steele Stewart
Harry Sutton
Giak Diang Tan Tan
Holly Kwiatkowski, Staff Liaison

Subgroup on Ways to Provide Coverage

Catherine Murphy-Barron, *Chairperson*
Ronald Bachman
David Bahn
Patrick Collins
Michael Dekker
Karl Madrecki
Tom Mellis
Donna Novak
Curtis Robbins
Carolyn Sadler
Steele Stewart
Harry Sutton
Holly Kwiatkowski, Staff Liaison

Subgroup to Update Uninsured Issue Brief

Steele Stewart, *Chairperson*
John Klemm
Tom Mellis
Stephen Meskin
Harry Sutton
Holly Kwiatkowski, Staff Liaison

Subgroup on What Is Medical Coverage

Karl Madrecki, *Chairperson*
Andrew Gennarelli
Peter Hendee
Thomas Snook
Holly Kwiatkowski, Staff Liaison

Committee on State Health Issues

This committee furthers the actuarial profession's involvement in policy issues related to state regulation of health insurance and other health actuarial issues at the state level. The committee works primarily through interstate associations such as the National Association of Insurance Commissioners, but also provides assistance directly to states when appropriate. The committee coordinates closely with the Federal Health

Committee to ensure appropriate Academy involvement in health-related issues at all levels of government.

William Weller, *Chairperson*

Michael Abroe

Rowen Bell

Karen Bender

Charles Bieter

Alfred Bingham

Vincent Bodnar

Michael Carstens

Grady Catterall

Lina Cheung

Kermitt Cox

Robert Cumming

Alan Ford

Burton Jay

H Neil Lund

Donna Novak

Timothy Patria

Shaun Peterson

P J Stallard

Harry Sutton

Gordon Trapnell

Robert Yee

Geralyn Trujillo, Staff Liaison

State Long-Term Care Task Force

This task force addresses actuarial issues affecting long-term care plans. It monitors and comments on developments in this area at the state level and works with regulators and policy-makers to assist in developing public policies in connection with long-term care insurance policies. In fulfilling its charge, the task force maintains liaisons with the National Association of Insurance Commissioners and other appropriate entities.

Robert K. Yee, *Chairperson*

Warren Jones, *Vice Chairperson*

Michael Boerner

William Carroll

James Glickman

Anthony Green

Andrew Haider

Norman Hill

Barbara Lautzenheiser

Mark Litow

Ronald Lucas

Edward Mohoric

Bartley Munson

Daniel Nitz

Julia Philips

Mark Press

Allen Schmitz

Bruce Stahl

P J Stallard

Richard Tan

John Timmerberg

Geralyn Trujillo, Staff Liaison

Experience Forms Work Group

Warren Jones, *Chairperson*

Michael Boerner

Allen Schmitz

Robert K. Yee

Geralyn Trujillo, Staff Liaison

Principles-Based Work Group

Robert K. Yee, *Chairperson*

Dan Cathcart

Warren Jones

Kerry Krantz

Barbara Lautzenheiser

Amy Pahl

Janet Perrie

Allen Schmitz

Bruce Stahl

Eric Stallard

Richard Tan

John Timmerberg

Geralyn Trujillo, Staff Liaison

Medicare Supplement Work Group

Michael Carstens, *Chairperson*

Baback Alimard

David Bahn

John Bryson

John Cathcart

Andrew Eрман

Michael Frank

Michael Frings

Peter Hendee
David Kerr
Chan Phan
David Shea
Anthony Turner
Geralyn Trujillo, Staff Liaison

Medicaid Work Group

Grady Catterall, *Chairperson*
Ben Brandon
Thomas Carlson
Robert Damler
William Finch
Todd Galloway
Lorenz Glaza
Thomas Handley
Timothy Harris
Don Killian
John Meerschaert
Michael Nordstrom
David Ogden
F. Kevin Russell
Martin Staehlin
John Vataha
Leigh Wachenheim
Gregory Winkler
Geralyn Trujillo, Staff Liaison

Stop-Loss Work Group

Shaun Peterson, *Chairperson*
Robert Bachler
Devin Dixon
Thomas Doran
James Kaiser
John Mange
Ian McAlister
Michael McLean
Michael Rieth
Eric Smithback
Ruth Ann Woodley
Geralyn Trujillo, Staff Liaison

Medicare Part D Subgroup

John Fritz, *Chairperson*
Frank Amrine
Corey Berger
Clint Copeland
Karl Madrecki
Cindy Miller
Donna Novak
Leigh Wachenheim
Geralyn Trujillo, Staff Liaison

Health Practice Financial Reporting Committee

This committee monitors activities regarding financial reporting related to all areas of health practice involving actuaries, reviews proposals made by various organizations affecting the accounting and auditing issues related to the health practice area, and generally is responsible for analysis and recommendations on health practice accounting issues. This would include (but not necessarily be limited to) financial reporting for all entities that accept and spread health benefit plan risk, such as HMOs, insurers, providers that accept risk (e.g., via global capitation), health benefit trusts for self-funded plans, and employers providing health benefits to their employees (e.g., for FAS 106).

Rowen Bell, *Chairperson*
Donna Novak, *Vice Chairperson*
Michael Abroe
Frank Amrine
James Braue
Rodney Brunk
Kermitt Cox
Peter Howard
Lori Huffman
Leslie Jones
Kenny Kan
Laurel Kastrup
Karen Kirby
Darrell Knapp
Jinn-Feng Lin
Cynthia Miller
James O'Connor

Jeffrey Petertil
Bernard Rabinowitz
Sharon Rivaïs
Michael Smith
R. Noreen Verdoliva
Shari Westerfield
D. Joeff Williams
Geralyn Trujillo, Staff Liaison

Practice Notes Work Group

James T. O'Connor, *Chairperson*
Barry T. Allen
David Bahn
Arthur Baldwin III
Robert Beal
Karen Bender
Richard N. Ferree
Tim Gustafson
Scott Haglund
Dawn Helwig
Peter Hendee
Foon Lew
Jinn-Feng Lin
Diana Long
Jerome Lynch
Cindy Miller
Donna Novak
Julia Philips
Bernie Rabinowitz
David Shea
Ray Siwek
Jack Sulger
Douglas W. Taylor
D. Joeff Williams
Paul Ziobrowski
Geralyn Trujillo, Staff Liaison

Medicare Steering Committee

This committee provides an oversight role for task forces and work groups established to address Medicare reform initiatives on behalf of the Health Practice Council.

Thomas Wildsmith, *Chairperson*
Lynette Trygstad, *Vice Chairperson*
Joseph Applebaum
David Axene

Dwight Bartlett
John Bertko
Janet Carstens
Michael Carstens
Barton Clennon
Randall Edwards
Patrick Fleming
Alan Ford
P Hammond
James Hickman
Dennis Hulet
Curtis Huntington
Joel Kabala
Beth Lieberman
Mark Litow
James Murphy
Donna Novak
Anna Rappaport
John Sardelis
John Schubert
Paul Schultz
Robert Shapiro
Michael Smith
Harry Sutton
Michael Thompson
Thomas Tomczyk
Gordon Trapnell
Cori Uccello
George Wagoner
John Wandishin
Holly Kwiatkowski, Staff Liaison

Medicare Outreach Work Group

Mark Litow, *Co-Chairperson*
Robert Shapiro, *Co-Chairperson*
Michael Abroe
Joseph Applebaum
Dwight Bartlett
Barton Clennon
James Hickman
Curtis Huntington
Anna Rappaport
Cori Uccello
Thomas Wildsmith
Holly Kwiatkowski, Staff Liaison

Actuarial Equivalence Work Group

John Bertko, *Chairperson*

Mark Bartorelli

Albert Bingham

April Choi

Matthew Hassett

Michele Hooper

Brian Januzik

Stephen Kaczmarek

Donna Nezames

Mark Olson

Jeffrey Petertil

Susan Pierce

Neela Ranade

Adam Reese

Wesley Royse

Thomas Ruehle

Geoffrey Sandler

John Schubert

Paul Schultz

Thomas Tomczyk

Cori Uccello

David Walker

Margaret Wear

Mark White

Thomas Wildsmith

Dale Yamamoto

Holly Kwiatkowski, *Staff Liaison*

AE Retiree Practice Note Work Group

Dale Yamamoto, *Chairperson*

Alfred Bingham

Derek Guyton

Mark Olson

John Schubert

Mark White

Holly Kwiatkowski, *Staff Liaison*

AE PDP/MA-PD Practice Note Work Group

Margaret Wear, *Chairperson*

Charles Bloss

April Choi

Darrell Knapp

Donna Novak

Wesley Royse

Lynette Trygstad

Thomas Wildsmith

Holly Kwiatkowski, *Staff Liaison*

Joint HPC/PPC Committee on Retiree Health

This committee addresses the actuarial profession's involvement in public policy issues related to health care benefits for retirees. The committee monitors federal activities and prepares public statements in the retiree health area. The committee also serves as a resource for Academy committees involved with Medicare, financial reporting, and retirement benefit issues. It may coordinate issues involving retiree health benefits with other actuarial organizations.

Jeffrey Petertil, *Co-Chairperson*

Adam Reese, *Co-Chairperson*

Joseph Beeler

Alfred Bingham

Peter Ford

Marilyn Oliver

Mark Olson

Neela Ranade

James Rizzo

Thomas Ruehle

John Schubert

John Stokesbury

Cori Uccello

George Wagoner

Mark White

Dale Yamamoto

Heather Jerbi, *Staff Liaison*

Holly Kwiatkowski, *Staff Liaison*

Health Practice International Task Force

The Health Practice International Task Force assists in maintaining awareness and communication between the US-based health care actuary and the international community at-large. The task force monitors pro-

posals and guidance generated by international actuarial organizations and provides commentary as appropriate.

Michael Abroe, *Chairperson*

John Bertko

Ian Duncan

Jinn-Feng Lin

John Schubert

Geralyn Trujillo, *Staff Liaison*

The Life Practice Council in 2005

In October, the NAIC finally adopted risk-based capital (RBC) C-3 Phase II instructions, including the Academy's report and recommendations to be phased in effective the end of 2005. And at its December meeting, the NAIC's Life and Health Actuarial Task Force (LHATF) voted to expose for comment a proposal by the council's Life Reserves Work Group for a new principles-based valuation approach for individual life products. LHATF also voted to expose for comment an update to a proposal for a principles-based valuation standard for variable annuity contracts.

Both the adoption of the C-3 Phase II instructions and report and the exposure for comment of individual life and variable annuity proposals represented significant gains in 2005 in the Academy's continuing effort to encourage more principles-based regulation rather than rely on formulas that actuaries must follow.

As part of that effort, Academy members met throughout the course of the year with individual state insurance regulators to gather comments and feedback on the principles-based approach and to increase the regulators' understanding of the concept. Similarly, the Academy made the lead presentation at an August informational hearing conducted by the NAIC on replacing

formulaic reserving with a principles-based system.

The Academy was also busy ensuring that working actuaries are up to speed on C-3



At a seminar held in May, Life Practice Council vice chairperson Tom Campbell was one of the faculty members explaining the potential implications of the Academy's multi-year effort on the risk-based capital C3-Phase II project. The Academy's report and recommendations were later adopted by the NAIC in October, along with the standard scenario and rules for transition and smoothing, launching a new era of principle-based regulation.

Phase II. In anticipation of final passage, the Academy published a practice note in September that includes details on products covered under C-3 Phase II, calculation of C-3 Phase II RBC, and implications for insurers. Earlier in the year, the Academy hosted an educational seminar on C-3 Phase II in conjunction with the Academy's May spring meeting.

Other projects completed in 2005 include practice notes on several topics, including one that updates several 1995 practice notes on asset adequacy analysis practices used by appointed actuaries and another on the application of the Financial Accounting Board's Derivatives Implementation Group Statement 133 Implementation Issue No. 36 to many modified coinsurance and related insurance transactions.

Looking forward, the Academy and the Society of Actuaries agreed last summer to an NAIC request to develop a new valuation table (reference) to reflect the preferred underwriting that has developed since the 1990s. The joint effort will support the new standards needed to reflect various levels of preferred mortality for product valuation.

Life Practice Council
Dave Sandberg, Vice President
Tom Campbell, Vice Chairperson
Larry Gorski, Vice Chairperson

Life Financial Reporting Committee: Darin Zimmerman, Chairperson

Life Products Committee: Cande Olsen, Chairperson,
 John MacBain, Vice Chairperson

Principles-Based Actuarial Certifications Steering Committee (Pending Board Approval):
 Robert Wilcox, Chairperson

Life Financial Soundness/Risk Management Committee
 (Formerly Referred to as the SVL II Work Group):
 Donna Claire, Chairperson

Tax Work Group: Art Panighetti, Chairperson

Regulatory Interface, Governance and Peer Review Work Group:
 Shirley Shao, Chairperson

Consistency: Principles, Summary, Definitions and Report
 Format Work Group: Robert DiRico, Chairperson

Reinsurance Work Group: Sheldon Summers, Chairperson

Life Experience Subcommittee: Larry Gorski, Chairperson

Life Capital Adequacy Subcommittee:
 Nancy Bennett, Chairperson, Larry Gorski, Vice-Chairperson

Economic Generator Work Group: Larry Gorski, Chairperson

Annuity Capital Work Group: Larry Gorski, Chairperson

Life Capital Work Group: Peter Boyko, Chairperson

Life Valuation Subcommittee: Kory Olsen, Chairperson,
 Bob DiRico, Vice-Chairperson

Variable Annuity Reserve Work Group:
 Thomas A. Campbell, Chairperson,
 James Lamson, Vice-Chairperson

Life Reserves Work Group: Dave Neve, Co-Chairperson
 Tom Kalmbach, Co-Chairperson

Annuity Reserves Work Group: James Lamson, Chairperson
 Mike Ward, Vice-Chairperson

Life Practice Council — 2006

Dave Sandberg, *Vice-President*
Tom Campbell, *Vice-Chairperson*
Larry Gorski, *Vice-Chairperson*
Nancy Bennett
Mike Boerner
Eric Carlson
Donna Claire
Bob DiRico
Tom Kalmbach
James Lamson
Barbara Lautzenheiser
John MacBain
Bob Meilander
Dave Neve
Cande Olsen
Kory Olsen
Art Panighetti
Ed Robbins
Sheldon Summers
Robert Wilcox
Darin Zimmerman
Amanda Yanek, Staff Liaison

Life Financial Reporting Committee

This committee monitors and proactively seeks to provide actuarial advice, advocacy, and communication on life insurance topics that involve financial reporting matters, with an emphasis on GAAP and international issues. It also coordinates its activities, as appropriate, with the Life Valuation Subcommittee and the Financial Reporting Council.

Darin Zimmerman, *Chairperson*
Errol Cramer
Robert Frasca
James Garvin
Larry Gulleen
Noel Harewood
William Hines
Edward Jarrett
Ken LaSorella
Patricia Matson
John Morris
Kevin Palmer

Len Reback
Brian Richards
David Rockwell
Larry Rubin
Carol Salomone
Lance Schulz
Michelle Smith
Amanda Yanek, Staff Liaison

Life Products Committee

This committee is involved with proactively seeking to provide actuarial support, advice, and communications on life and annuity products. This committee focuses on product features and their design, and may act as a coordinator with other committees on financial and solvency-based issues. The committee communicates and provides information to the membership base of the Academy when there are actuarial developments of interest to the membership body and they warrant additional communications. The committee also stands ready to respond to regulatory requests on product issues, and the group also proactively seeks areas where the Academy ought to be providing regulatory input. The committee engages in the development of public policy at the state, federal, and international levels.

Cande Olsen, *Chairperson*
John MacBain, *Vice-Chairperson*
Noel Abkemeier
Douglas Bennett
Eric Carlson
Paul Carmody
Francis de Regnaudcourt
Arnold Dicke
David Hippen
Kitty Kennedy
Barbara Lautzenheiser
Jean Liebmann
Michael Pressley
Thomas Rhodes
Linda Rodway
Larry Rubin
David Weinsier
Amanda Yanek, Staff Liaison

Principles-Based Actuarial Certifications Steering Committee (Pending Board Approval)

Robert Wilcox, *Chairperson*
Mike Boerner
Cecil Bykerk
Donna Claire
Bob Meilander
Godfrey Perrott
Dave Sandberg
Amanda Yanek, Staff Liaison

Life Financial Soundness/Risk Management Committee

(Formerly Referred to as the SVL II Work Group)

This committee proactively provides actuarial support, advice, and communication on the soundness and risk management of life insurance and annuities. This includes seeking out additional audiences and topics that should be addressed by this committee so it can coordinate and respond to issues at state, federal, and international levels. The committee also communicates and provides information to the membership of the Academy regarding these issues.

Donna Claire, *Chairperson*
Philip Barlow
Nancy Bennett
Mike Boerner
Peter Boyko
Cecil Bykerk
Tom Campbell
Charles Chacosky
Bob DiRico
Todd Erkis
Mark Freedman
Larry Gorski
Carl Harris
Tom Kalmbach
Jackie Keating
James Lamson
Barbara Lautzenheiser
Shawn Loftus

Mike McMahon
Bob Meilander
Steve Neill
Dave Neve
Kory Olsen
Art Panighetti
David Rockwell
Albert Sekac
Shirley Shao
Sheldon Summers
Bill Weller
Bob Yee
Amanda Yanek, Staff Liaison

Tax Work Group

Art Panighetti, *Chairperson*
Al Booth
Armand de Palo
Barbara Gold
Doug Hertz
Michael Holloway
Barbara Lautzenheiser
Charles Miller
Kory Olsen
Brian Prast
Jim Reiskyt
Bruce Schobel
Amanda Yanek, Staff Liaison

Regulatory Interface, Governance and Peer Review Work Group

Shirley Shao, *Chairperson*
Thomas Bakos
Michael Boerner
Cecil Bykerk
Tom Campbell
Donna Claire
Helen Galt
Kerry Krantz
Barbara Lautzenheiser
Bob Meilander
Dave Neve
Tom Rhodes
Link Richardson
Amanda Yanek, Staff Liaison

Consistency: Principles, Summary, Definitions and Report Format Work Group

Robert DiRico, *Chairperson*

Tom Campbell

Donna Claire

John Morris

Dave Neve

Kory Olsen

Amanda Yanek, *Staff Liaison*

Reinsurance Work Group

Sheldon Summers, *Chairperson*

Mike Boerner

Tom Campbell

Larry Carson

Leslie Jones

Amanda Yanek, *Staff Liaison*

Life Experience Subcommittee

Larry Gorski, *Chairperson*

Life Capital Adequacy Subcommittee

This subcommittee analyzes issues with regard to life and annuity capital adequacy and provides recommendations on ways to clarify and improve current life risk-based capital standards. In addition, it coordinates with the Life Valuation Subcommittee to promote the development of integrated, non-formulaic approaches to valuation and capital adequacy. It is also a liaison to the Financial Reporting Council's Joint Risk-Based Capital Task Force.

Nancy Bennett, *Chairperson*

Larry Gorski, *Vice-Chairperson*

Peter Boyko

Martin Claire

Todd Erkis

Luke Girard

Ann Kallus

Robert Meilander

Craig Morrow

Hubert Mueller

Keith Osinski

Max Rudolph

Keith Vande Vrede

George Wahle

William Wilton

Mike Zurcher

Amanda Yanek, *Staff Liaison*

Economic Generator Work Group

Larry Gorski, *Chairperson*

Luke Girard

Craig Morrow

Amanda Yanek, *Staff Liaison*

Annuity Capital Work Group

Larry Gorski, *Chairperson*

Amanda Yanek, *Staff Liaison*

Life Capital Work Group

Peter Boyko, *Chairperson*

Aryeh Bak

Nancy Bennett

Bruce Bohlman

Martin Claire

Arnold Dicke

Todd Erkis

Tom Kalmbach

Barbara Lautzenheiser

Dwayne McGraw

Craig Morrow

Dave Neve

Carolyn Stontz

Wayne Stuenkel

Kenneth Vande Vrede

Amanda Yanek, *Staff Liaison*

Life Valuation Subcommittee

This subcommittee (with support from the Life Financial Soundness/Risk Management Committee) proactively seeks to provide actuarial support, advice, and communication on life insurance topics that involve the valuation of life insurance and annuity products. The subcommittee addresses issues that involve the

valuation of, and support for the valuation of, statutory and tax reserves for these products. The subcommittee also provides support to the Life Financial Reporting Committee on GAAP reserve issues.

Kory Olsen, *Chairperson*
Bob DiRico, *Vice-Chairperson*
Donna Claire
Kerry Krantz
Jim Lamson
Barbara Lautzenheiser
Jim Lodermeier
John Morris
Dave Neve
Sheldon Summers
Scott Wright
Amanda Yanek, Staff Liaison

Variable Annuity Reserve Work Group

Thomas Campbell, *Chairperson*
James Lamson, *Vice-Chairperson*
Richard Combs
Andrew Eastman
Larry Gorski
John O'Sullivan
James Reiskyt
Van Villaru
Amanda Yanek, Staff Liaison

Life Reserves Work Group

Dave Neve, *Co-Chairperson*
Tom Kalmbach, *Co-Chairperson*
Jose Andrade-Cora
Cliff Angstman
Mary Bahna-Nolan
Aryeh Bak
Mike Barsky
Jeff Beckley
Phillip Beyer
Bruce Bohlman
Peter Boyko
Cecil Bykerk
Keith Dall
Armand de Palo
Arnold Dicke
Bob DiRico

Alan Emmer
Todd Erkis
Gary Falde
Steve Ferrara
Randy Freitag
Bruce Friedland
Elinor Friedman
Carl Friedrich
Dieter Gaubatz
Nathan Greenlee
Jim Haire
Dale Hall
Joan Hentschel
Michael Holloway
Leslie Joseph
Jeff Lane
Peter Marion
Dennis Martin
Dwayne McGraw
Esther Milnes
Kory Olsen
Michael Palace
Tony Phipps
Richard Plush
Karen Rudolph
Lance Schulz
Larry Segal
Carolyn Stontz
Steve Strommen
Wayne Stuenkel
Mike Taht
Peter Van Beaver
Jeff Vipond
David Weinsier
John Weum
Amanda Yanek, Staff Liaison

Annuity Reserves Work Group

James Lamson, *Chairperson*
Mike Ward, *Vice-Chairperson*
Larry Bruning
Thomas Campbell
Thomas Chamberlain
Matthew Clark
Richard Combs
Tim Gaule
Scott Houghton

William Kling
Lisa Lefkowitz
Kory Olsen
Chad Padgett
Richard Payne
Meredith Ratajczak
Rebecca Scotchie
Irwin Silber
Martin Snow
Marc Whinston
Amanda Yanek, Staff Liaison

The Pension Practice Council in 2005

With Social Security topping the Bush administration's agenda and Congress focusing on long-term pension funding reform, the Academy was involved in an epic amount of activity in 2005. In addition to producing comments and analysis on a number of pension-related issues, the Academy worked behind the scenes to answer policy-makers' questions as legislation was crafted.

Shortly after Congress approved a two-year temporary replacement of the 30-year Treasury rate as the benchmark for pension liability valuation, the Academy formulated guiding principles for overall pension reform. Published in January and February, those principles are now visible in both administration and congressional reform proposals as a result of Academy initiatives to distribute them in meetings with policy-makers, lobbying organizations, and government agencies engaged in pension reform. Congressional measures introduced this year incorporate a number of the Academy's principles and reflect some of the Academy's reservations about certain elements in the administration's proposal.

The need for a different type of publication surfaced when the council conducted its annual Capitol Hill visits in February, meeting with congressional staff and representatives from the White House, the Labor and Treasury departments, the Congressional Budget Office, the Government Accountability Office, and the Pension Benefit Guaranty Corp. (PBGC). In response to policy-makers' questions about specific areas of

funding reform on which little basic information was available, the council developed Academy fact sheets to provide concise information on credit balances and on the PBGC and United Airlines.

To encourage debate, the Academy redistributed its existing publications on many aspects of Social Security reform, including individual account design questions, changes to the benefit formula or taxation of benefits, and retirement age adjustment. The Academy also updated information for a revised guide to Social Security reform

options, held a February media briefing on Social Security reform, and in April sponsored a Capitol Hill briefing on the 2005 trustees reports on Medicare and Social Security.

In July, Ken Kent, then the Academy's vice president for pension issues, met with members of the Department of Labor's Advisory Council on Employee Welfare and Pension Benefits to discuss pension distribution policy. In August, Ethan Kra, a member of the council, testified at an Internal Revenue Service (IRS) public hearing on proposed revisions to Internal Revenue Code Sec. 415 limits on benefits and contributions for qualified plans. Also in August, Donald Segal, the Academy's incoming vice president for pension issues, testified at an IRS hearing on re-proposed regulations governing the disclosure of the relative value of optional forms of benefits under defined benefit plans.



On June 14, Academy Senior Pension Fellow Ron Gebhardtshauer testified before the influential House Ways and Means Subcommittee on Social Security. Gebhardtshauer laid out the argument for raising the retirement age as a solution to Social Security's long-term funding shortfall. "Raising the retirement age reduces the annual benefit but doesn't have to reduce total lifetime benefits because people are living longer," he said.

Pension Practice Council:
Donald Segal, Vice President
Ethan Kra, Vice Chairperson

Committee on Pension Accounting:
William Sohn, Chairperson
Stephen Alpert, Vice Chairperson

Committee on Social Insurance:
Eric Klieber, Chairperson
Kenneth Buffin, Chairperson (effective April 2006)

Pension Committee:
James Verlautz, Chairperson
Chester Andrzejewski, Vice Chairperson

Multiemployer Plans Task Force:
James McKeogh, Chairperson

Public Plans Task Force:
Lawrence Wilson, Chairperson

Retirement Security Principles Task Force:
Bruce Schobel, Chairperson

Stock Options Task Force:
Thomas Terry, Chairperson

**Joint Academy/SOA Task Force on
Financial Economics and the Actuarial Model:**
Jeremy Gold, Chairperson
Michael Peskin, Vice Chairperson

Joint Program Committee for the Enrolled Actuaries Meeting:
Ronnie Thierman, Chairperson
David Godofsky, Vice Chairperson

Joint Committee on Retiree Health (Joint with Health Practice Council):
Jeffrey Petertil, Co-Chairperson
Adam Reese, Co-Chairperson

Pension Practice Council – 2006

Donald Segal, *Vice President*

Ethan Kra, *Vice Chairperson*

Stephen Alpert

Chester Andrzejewski

Donald Barnes

Kenneth Buffin

Edward Burrows

Ron Gebhardtsbauer

Jeremy Gold

Eli Greenblum

Emily Kessler

Eric Klieber

James McKeogh

John Parks

Michael Peskin

Adam Reese

Bruce Schobel

Lawrence Sher

William Sohn

Kenneth Steiner

Thomas Terry

James Verlautz

Lawrence Wilson

Heather Jerbi, *Staff Liaison*

Senior Pension Fellow Ron Gebhardtsbauer



The Academy established its senior pension fellow program in 1995 to build the credibility of pension actuaries on Capitol Hill and to promote constructive debate on national retirement income policy. Through regular interaction with federal regulators and legislators and Academy volunteers, the senior pension fellow influences Washington legislators and, by extension, other governments and regulators to rely on the Academy as the objective resource for the knowledge and skills of the actuarial profession.

The senior pension fellow works with the Pension Practice Council and serves as the

profession's primary policy liaison on pension issues. He establishes and develops close relationships with the congressional tax-writing and pension staff and regulators within the executive branch.

Committee on Pension Accounting

This committee monitors activities and reviews proposals regarding financial reporting related to pension plans. The committee is generally responsible for analysis and recommendations on pension accounting issues.

William Sohn, *Chairperson*

Stephen Alpert, *Vice Chairperson*

Curtis Cartolano

Arthur Conat

Jerrold Dubner

Kenneth Friedman

Ron Gebhardtsbauer

Emily Kessler

Tonya Manning

Wendy Mcfee

Thomas Miano

Bruce Monte

Dennis Polisner

James Rizzo

Diana Scott

John Steele

John Stokesbury

Heather Jerbi, *Staff Liaison*

Committee on Social Insurance

This committee provides and promotes actuarial reviews and analyses of U.S. social insurance systems. The committee prepares comments on pending legislation regarding federal social insurance programs and government reports on these programs.

Eric Klieber, *Chairperson*

Kenneth Buffin

Edward Burrows

Eli Donkar

Ron Gebhardtsbauer

Stephen Goss
Robert Randall
Richard Rasiej
Paul Robberson
Zenaida Samaniego
Bruce Schobel
P J Eric Stallard
Kenneth Steiner
Joan Weiss
James Wiseman
Heather Jerbi, Staff Liaison

Pension Committee

This committee addresses actuarial issues affecting public and private pension plans, excluding financial reporting. The committee monitors federal tax, PBGC, and other ERISA-related developments. It consults with Congress and relevant regulatory agencies on the effect of regulation on employer pensions and retirement security, and comments on pending legislation and regulations.

James Verlutz, *Chairperson*
Chester Andrzejewski, *Vice Chairperson*
Donald Barnes
Edward Burrows
Lawrence Deutsch
Ron Gebhardtsbauer
Jeremy Gold
Allen Gorrelick
Dennis Graf
Eli Greenblum
David Kass
Emily Kessler
Ethan Kra
Lisa Larsen
Christine Mahoney
Gerard Mingione
John Moore
Brian O'Konski
Nadine Orloff
John Parks
Michael Pollack
Mark Ruloff
Donald Segal
Lawrence Sher

William Sohn
Judy Stromback
Lawrence Wilson
Sarah Wright
Carolyn Zimmerman
Heather Jerbi, Staff Liaison

Multiemployer Plans Task Force

James McKeogh, *Chairperson*
Robert Bolton
James Dexter
Ron Gebhardtsbauer
Stanley Goldfarb
Eli Greenblum
Douglas Holden
Kenneth Kent
John Molinar
Brian O'Konski
Howard Rog
James Shake
Samuel Stanley
Peter Verne
Heather Jerbi, Staff Liaison

Public Plans Task Force

Lawrence Wilson, *Chairperson*
Deborah Brigham
Leonard Cargill
Thomas Cavanaugh
Ron Gebhardtsbauer
Lawrence Johansen
Kenneth Kent
Robert May
Stephen McElhaney
Althea Schwartz
Richard Young
Heather Jerbi, Staff Liaison

Retirement Security Principles Task Force

Bruce Schobel, *Chairperson*
Edward Burrows
Kenneth Kent
Anna Rappaport
Richard Schreitmueller
John Turner

Thomas Wildsmith
John Wilkin
Manha Yau
Heather Jerbi, Staff Liaison

Stock Options Task Force

Thomas Terry, *Chairperson*
Terry Adamson
Glenn Bowen
Ted Buyniski
Charles Cahill
Wing Chan
Don Delves
Carrie Duarte
Mark Evans
Ron Gebhardtsbauer
Albert Johnson
Kenneth Kent
Emily Kessler
John Luff
John McArthur
James McPhillips
John Miller
Nicholas Mocchiolo
John Parks
Alan Perry
Stacy Powell
Nicholas Reitter
Larry Rubin
Marcia Sander
Sean Scrol
Donald Segal
Lawrence Sher
Matthew Siegel
John Stokesbury
Scott Turner
James Verlutz
Aaron Weindling
Stephen Zwicker
Heather Jerbi, Staff Liaison

Joint AAA/SOA Task Force on Financial Economics and the Actuarial Model

Jeremy Gold, *Chairperson*
Michael Peskin, *Vice Chairperson*
Christopher Bone
Edward Burrows
Daniel Cassidy
Andrew Dansereau
Gordon Enderle
Eric Friedman
Ron Gebhardtsbauer
Malcolm Hamilton
Richard Herchenroether
R. Evan Inglis
Kenneth Kent
Emily Kessler
Eric Klieber
Ethan Kra
Gordon Latter
Gerard Mingione
Raymond Murphy
Robert North, Jr.
William Reimert
Brian Septon
William Sohn
Andrew Wozniak
Heather Jerbi, Staff Liaison

Joint Program Committee for the Enrolled Actuaries Meeting

This committee develops a program for the Enrolled Actuaries Meeting, cosponsored by the Academy and the Conference of Consulting Actuaries.

Ronnie Thierman, *Chairperson*
David Godofsky, *Vice Chairperson*
Paul Angelo
Brian Donohue
Lorraine Dorsa
Bruce Gaffney
David Jarrett
Dean Kepraios
Sandra Kruszewski
John Lowell

Nadine Orloff
Robert Schramm
Donald Segal
Ben Upchurch
Amy Viener
Heather Jerbi, Staff Liaison

Joint Committee on Retiree Health

This committee addresses the actuarial profession's involvement in public policy issues related to health care benefits for retirees. The committee monitors federal activities and prepares public statements in the retiree health area. The committee also serves as a resource for Academy committees involved with Medicare, financial reporting, and retirement benefit issues. It may coordinate issues involving retiree health benefits with other actuarial organizations.

Jeffrey Petertil, *Co-Chairperson*
Adam Reese *Co-Chairperson*
Joseph Beeler
Alfred Bingham
Peter Ford
Marilyn Oliver
Mark Olson
Neela Ranade
James Rizzo
Thomas Ruehle
John Schubert
John Stokesbury
Cori Uccello
George Wagoner
Mark White
Dale Yamamoto
Heather Jerbi, Staff Liaison
Holly Kwiatkowski, Staff Liaison

The Council on Professionalism in 2005

Britain's Equitable Life scandal and the resulting investigation by Sir Derek Morris have had the effect of focusing attention on actuarial professionalism on both sides of the Atlantic.

From the outset of Morris' inquiry into the U.K. actuarial profession, the Academy served as an important resource. In November 2004, Morris attended a meeting of the International Actuarial Association in Washington and met with Academy President Robert Wilcox to discuss the U.S. profession's public policy activities, particularly Academy efforts to reach out to legislators, regulators, and interested parties (including the general public) on issues with actuarial implications, such as Social Security,

Medicare, life insurance sales illustrations, and pension reform. Wilcox and Morris also discussed aspects of U.S. actuarial professionalism, focusing on the standard-setting process, the counseling activities of the ABCD, and elements of the Code of Professional Conduct that specifically address the public interest. Early in 2005, Wilcox traveled to London for further discussion on issues such as discipline, litigation risk facing the profession, and the ways actuaries operate in statutorily reserved roles. The Academy

also provided extensive written comments on the interim findings of the Morris review when they were released in February.

At the same time, the Academy published

discussion papers on the framework of actuarial professionalism and on disclosure under the code. And in November, more than 300 actuaries tuned in to take part in the Academy's free webcast on effective actuarial communications with clients, employers, regulators, and others.



More than 200 actuaries tuned in Nov. 29 to take part in the Academy's free webcast on effective actuarial communications. The session, which provided listeners with continuing education credit for logging on, listening, and participating, proceeded without a hitch. Speaking on the webcast, which focused on effective communication with client, employers, regulators, and others (as well as the implications of not communicating effectively), were Donna Claire, former Academy vice president for life issues, Ken Kent, former Academy vice president for pension issues, and Lauren Bloom, the Academy's general counsel and director of professionalism.

In an effort to get a better sense from working actuaries of how professionalism affects them in their daily duties, the Academy circulated a survey designed to measure familiarity with the standards, the code, the qualification standards, and

the work of the ABCD. More than 1,800 actuaries responded to the survey, whose results were discussed at the Academy's 2005 spring meeting in May.

The Academy's annual Life and Health Qualifications Seminar continued to be a popular draw, selling out for the second year in a row. And the Academy expanded continuing education opportunities in professionalism by offering a Professional Standards Seminar in April in conjunction with the annual Enrolled Actuaries Meeting.

**Council on Professionalism:
Geoffrey Sandler, Vice President
Kenneth Kent, Vice Chairperson**

**Committee on Actuarial Public Service:
Eli Donkar, Chairperson**

**Committee on International Issues:
Curtis Huntington, Chairperson**

**Committee on Professional Responsibility:
Tom Bakos, Chairperson**

**Joint Committee on the Code of Professional Conduct:
Kenneth Kent, Chairperson**

**Life and Health Qualifications Seminar Task Force:
D. Joeff Williams, Chairperson**

**Committee on Qualifications:
Kathleen Riley, Chairperson**

**Independence Task Force:
Vincent Amoroso, Chairperson**

Council on Professionalism — 2006

Geoffrey Sandler, *Chairperson*
Kenneth Kent, *Vice Chairperson*
Vincent Amoroso
Joseph Applebaum
Tom Bakos
Cecil Bykerk
Donna Claire
Charles Cook
Eli Donkar
William Falk
Jacqueline Friedland
John Gleba
Curtis Huntington
Burton Jay
Neil Parmenter
Robert Rietz
Kathleen Riley
F. Kevin Russell
Allan Ryan
Kenneth Steiner
Lance Weiss
D. Joeff Williams
Lauren Bloom, Staff Liaison
Katherine Pardee, Of Counsel

Committee on Actuarial Public Service

This committee promotes the contributions of actuaries working in the public sector, develops statements and policies on issues affecting public sector actuaries, and encourages actuarial employment and other participation in public service areas.

Eli Donkar, *Chairperson*
Elizabeth Hale
Nancy Kichak
Joel Sitrin
Neta Warren
Joan Weiss
Richard Young
Lauren Bloom, Staff Liaison

Committee on International Issues

This committee is responsible for all liaison activities with the international actuarial community involving international professional issues, including: a) monitoring international developments with respect to codes of conduct, qualification standards, and standards of practice; b) reviewing qualifications of international applicants for membership in the Academy, and recommending actions on the applications; c) responding to inquiries and, if appropriate, forwarding the response to an Academy committee or to one of the other U.S.-based actuarial organizations; d) recommending Academy appointments of U.S. actuarial representatives to all international boards and committees; e) responding to assignments from the Academy leadership and inquiries from other Academy committees; f) communicating to members of the Academy and other U.S.-based actuarial organizations; g) interacting with the international relations committees of other actuarial organizations in Canada, Mexico, and the United States; and h) presenting new initiatives to the Academy leadership.

Curtis Huntington, *Chairperson*
Amy Bouska
Kenneth Buffin
Robert Conger
Stephen Kellison
Barbara Lautzenheiser
W. James MacGinnitie
Peter Perkins
Lauren Bloom, Staff Liaison

Committee on Professional Responsibility

This committee promotes knowledge of standards of conduct, qualification, and practice within the profession, and suggests ways and means for enforcement, compliance, and monitoring of the effectiveness of those standards.

Tom Bakos, *Chairperson*

William Cutlip
Jeffrey Kucera
Robert Orian
Anna Rappaport
Carl Shalit
Russell Sutter
J. Kevin Watts
Marc Whinston
Katherine Pardee, Of Counsel

Joint Committee on the Code of Professional Conduct

This committee monitors the Code of Professional Conduct of the U.S.-based organizations representing actuaries and recommends necessary amendments to the code to all of the U.S.-based organizations.

Kenneth Kent, *Chairperson*
Paul Braithwaite
Morris Chambers
Ruth Frew
Sam Gutterman
Luis Huerta
Lauren Bloom, Staff Liaison

Life and Health Qualifications Seminar Task Force

D. Joeff Williams, *Chairperson*
Donna Claire
Darrell Knapp
Craig Morrow
Bernard Rabinowitz
F. Kevin Russell
Katherine Pardee, Of Counsel

Committee on Qualifications

This committee investigates issues arising with respect to the minimum requirements necessary to qualify members to perform publicly required actuarial functions. It recommends to the Board of Directors minimum qualification standards, including continuing education requirements for such members, and counsels members on questions relating to individual qualifications. It also develops guidelines for the ad-

ministration of the Academy qualification standards, including continuing education requirements.

Kathleen Riley, *Chairperson*
Nolan Asch
Donna Claire
Mary Frances Miller
Carl Shalit
Henry Siegel
Frank Stone
Katherine Pardee, Of Counsel

Independence Task Force

Vincent Amoroso, *Chairperson*
William Falk
Godfrey Perrott
Alice Rosenblatt
Lauren Bloom, Staff Liaison

The Risk Management and Financial Reporting Council in 2005

In 2005, the council was responsible for monitoring a wide variety of issues, from the rapid development of insurance regulatory principles and standards on the international level to the global convergence of accounting standards, the continuing evolution of enterprise risk management, and the possibility of federalized insurance supervision.

In the area of federal regulation of insurance, the council has kept tabs on the development of the State Modernization and Regulatory Transparency (SMART) Act in the House Financial Services Committee.

The Academy also commented on an optional federal charter plan proposed by the Optional Federal Charter Coalition, an ad hoc organization whose members include the American Bankers Association, the American Council of Life Insurers, the American Insurance Association, and the Financial Services Roundtable. In March, the Academy met with representatives of the Government Accountability Office to discuss actuarial work, insurance supervision issues, and the impact of actuaries on product development and pricing. The Academy followed up on questions that arose at the meeting with further comments in June. In an August letter to the coalition, Academy President Robert Wilcox urged that any federal insurance proposal include an Office of the Chief Actuary and define a "qualified actuary" as a member of the Academy.

Through its Financial Reporting Committee,

the Risk Management and Financial Reporting Council has established a pattern of meeting annually with various accounting and auditing stakeholders. The committee met with repre-



Members of the Risk Management and Financial Reporting Council met with officials of the Securities and Exchange Commission and the Public Company Accounting Oversight Board in June to discuss a wide range of issues. Topics included the Academy's ongoing work on finite risk transfers, concerns about the SEC's contractual obligations table, and the "use of experts" for both auditing and accounting purposes.

sentatives from the Financial Accounting Standards Board in October, with the American Institute of Certified Public Accountants in April, and with the Public Company Accounting Oversight Board and with the Securities and Exchange Commission in June.

In the international arena, the Academy commented in March on International Actuarial Association practice

guidelines for actuaries working with new international accounting standards. The Academy is also working with the Actuarial Standards Board to adapt those guidelines for the United States as a series of practice notes. In August, the Academy commented to the International Association of Insurance Supervisors (IAIS) on the development of various global standards for assessing insurer solvency and met with representatives of the NAIC to discuss its approach toward both those standards and related accounting guidance from the International Accounting Standards Board.

In recognition of the emerging importance of enterprise risk management (ERM), the Academy formed an ERM task force in January that offers all North American actuarial organizations a forum for discussing various ERM-related initiatives under consideration.

**Risk Management and Financial Reporting Council:
Timothy Tongson, Vice President
Ralph Blanchard, Vice Chairperson**

**Financial Reporting Committee:
Henry Siegel, Chairperson
Andrea Sweeny, Vice Chairperson**

**Best Estimates Work Group:
Darrell Knapp, Co-Chairperson
Nancy Watkins, Co-Chairperson**

**Risk Management and Solvency Committee:
James Rech, Chairperson
TBD, Vice Chairperson**

**Joint Risk-Based Capital Work Group:
Rowen Bell, Chairperson
James Reiskytl, Vice Chairperson**

**ERM Task Force:
James Rech, Chairperson**

The Risk Management and Financial Reporting Council – 2006

The Risk Management and Financial Reporting Council oversees the Academy's work on domestic and international risk management and financial reporting issues that affect multiple areas of practice. The RMFRC also serves as a liaison to public policy-makers, the financial community, and insurance industry representatives on these issues.

Timothy Tongson, *VP/Chairperson*
Ralph Blanchard, *Vice Chairperson*
Michael Abroe
Rowen Bell
Burton Jay
Darrell Knapp
Daniel Kunesh
James Rech
James Reiskytl
David Sandberg
Geoffrey Sandler
Donald Segal
Henry Siegel
Andrea Sweeny
Patricia Teufel
James Verlautz
William Weller
Staff Liaison, Vacant

Financial Reporting Committee

This committee coordinates and develops Academy work on domestic and international financial reporting issues that affects multiple areas of actuarial practice. The committee also monitors related work within the other practice councils to ensure consistency and avoid conflicts across practice areas.

Henry Siegel, *Chairperson*
Andrea Sweeny, *Vice Chairperson*
Rowen Bell
Ralph Blanchard
Jeffrey Courchene

Kermitt Cox
Douglas Doll
Victoria Grossack
Tom Herget
William Hines
Gerald Kirschner
Frederick Kist
Darrell Knapp
Joseph Koltisko
Kenneth LaSorella
Pierre Laurin
Jinn-feng Lin
Mike Lombardi
Jay Morrow
Marc Oberholtzer
Michael Rieth
Marc Slutzky
William Sohn
Stephen Strommen
James Verlautz
Nancy Watkins
Darin Zimmerman
Staff Liaison, Vacant

Best Estimates Work Group

Darrell Knapp, *Co-Chairperson*
Nancy Watkins, *Co-chairperson*
Rowen Bell
Richard Beverage
Ralph Blanchard
Rodney Brunk
Aaron Halpert
Leslie Jones
Cynthia Miller
Donna Novak
James O'Connor
Chandrakant Patel
Michael Schmitz
James Shah
Lisa Slotznick
Marc Slutzky
Philip Turner
William Weller
Staff Liaison, Vacant

Risk Management and Solvency Committee

This committee coordinates and develops Academy work on domestic and international solvency and risk management issues that affect multiple areas of actuarial practice. The committee also monitors related work within the other practice councils to ensure consistency and avoid conflicts across practice areas.

James Rech, *Chairperson*

TBD, *Vice-Chairperson*

Rowen Bell

Nancy Bennett

Michael Boerner

Robert Brown

Maryellen Coggins

Kris DeFrain

Charles Emma

Melinda Fleet

Alan Ford

Wendy Germani

Larry Gorski

Elise Liebers

Michael McCarter

Mary Miller

Donna Novak

Albert Riggieri

David Sandberg

John Stark

Andrea Sweeny

William Weller

Herbert Wolf

Staff Liaison, Vacant

Joint Risk-Based Capital Work Group

Rowen Bell, *Chairperson*

James Reiskytl, *Vice Chairperson*

Ralph Blanchard

Robert Brown

Kay Cleary

Alan Ford

Larry Gorski

Burton Jay

Michael McCarter

William Weller

Staff Liaison, Vacant

ERM Task Force

James Rech, *Chairperson*

Michael Abroe

Eduardo Esteve

Barry Franklin

Kenneth Kent

Donald Mango

Beverly Margolian

Max Rudolph

Frank Sabatini

David Sandberg

Shaun Wang

Staff Liaison, Vacant

Academy Policies

Membership Requirements

The requirements for admission to membership in the Academy are set forth in Article I of the Bylaws and in these procedures.

Education Requirements

The Academy Board of Directors, in accordance with Article I, Section 2(B) of the Bylaws, prescribes the following educational requirements for prospective members. An applicant who has attained the indicated status in one of the organizations listed below shall be deemed to have met the education requirements for admission to membership:

- A. Associateship in the Casualty Actuarial Society;
- B. Associateship in the Society of Actuaries;
- C. M.S.P.A. or F.S.P.A. in the American Society of Pension Professionals and Actuaries;
- D. Membership in the Conference of Consulting Actuaries;
- E. Enrolled Actuary status under Title III, Section C of the Employee Retirement Income Security Act of 1974;
- F. Fellowship in the Canadian Institute of Actuaries;
- G. Fellowship in the Faculty of Actuaries in Scotland;
- H. Fellowship in the Institute of Actuaries in Great Britain;
- I. Membership in the Colegio Nacional de Actuarios in Mexico;
- J. Fellowship in the Institute of Actuaries of Australia.

An applicant who has attained actuarial educational credentials other than those enumerated above may submit those cre-

entials to the Academy for review and approval by the Membership Committee and the Executive Committee.

Good Moral Character and Professional Integrity

- A. Applicants to the Academy must be of good moral character and have professional integrity. Evidence of the lack of good moral character or professional integrity shall be grounds for rejection of an application to membership in the Academy.
- B. In those cases where good moral character and professional integrity cannot be assumed, the Membership Committee and Executive Committee are empowered to call for evidence of such good moral character and professional integrity.

Experience Requirement

An applicant must, at the date of application, have had at least three years of full-time equivalent experience in responsible actuarial work. "Responsible actuarial work" is defined as work that has required knowledge and skill in solving practical actuarial problems in any of the fields identified in the Academy Bylaws. The following guidelines apply to experience:

- A. At least one of the three years of responsible actuarial experience must fall within the five years preceding the date of application.
- B. Teaching experience in actuarial courses may be considered for the three-year requirement. Non-actuarial-specific courses, such as probability and statistics, do not count as actuarial courses for this purpose.
- C. Summer, part-time, and other intermittent experience may be considered for the three years of full-time equivalent experience.
- D. Experience obtained outside the United States may be considered for the three-year requirement.

An applicant who has practiced in any other field that is actuarially related may submit information about his or her field to the Academy for review and approval by the Membership Committee and the Executive Committee.

Additional Requirements for Nonresidents and New Residents

A. Nonresidents

1. Nonresidents must certify their familiarity with U.S. laws and practices in their "actuarial practice area" as that term is used in the Qualification Standards for Prescribed Statements of Actuarial Opinion promulgated by the Academy through its Committee on Qualifications.
2. In those cases where familiarity with actuarial practices and principles in the United States cannot be assumed, the Membership Committee and Executive Committee are empowered to call for evidence of such familiarity.
3. Nonresidents must state their need for membership in the Academy.

B. New Residents

Residents of the United States for fewer than three years must satisfy the requirements to which nonresidents are subject.

Certification

Applicants must certify their willingness to comply with the Code of Professional Conduct of the American Academy of Actuaries, the Actuarial Standards of Practice promulgated by the Actuarial Standards Board, and the Qualification Standards for Prescribed Statements of Actuarial Opinion promulgated by the Academy through its Committee on Qualifications. Failure or refusal to provide such a certification is grounds for denial of a membership application.

Application Process

- A. An application should be submitted on an application form that has been developed and approved by the Membership Committee. An approved application form may be obtained from the Washington office, the Schaumburg office, or the Academy website (www.actuary.org).
- B. Applications should be typewritten or handwritten legibly.
- C. An application fee of \$75 must accompany the application. This is a charge for processing the application and will not be applied toward the payment of dues for applicants who are accepted. Application fees paid by applicants who are not accepted will not be refunded.
- D. Applications should be addressed to: Membership Manager, American Academy of Actuaries, 1100 17th St., N.W., 7th Floor, Washington, D.C. 20036, (202) 223-8196 (telephone), (202) 872-1948 (fax).

Appeal of Rejection of Application

- A. Applications are reviewed by the Membership Committee of the Academy and approved by the Executive Committee pursuant to recommendation from the Membership Committee. An applicant shall be advised of any rejection of an application, and said rejection shall be accompanied by a statement of the reason(s) for the rejection.
- B. An applicant may appeal any rejection of an application for membership for any reason to the Board of Directors.

1. An appeal of the rejection of an application should be submitted in writing and should specifically state the reason(s) why the determination of the Executive Committee not to grant the application should not be followed. Any evidence that the applicant wishes to submit in support of the appeal should be submitted concurrent with the appeal. Appeals should be

postmarked by no later than 60 days after the date of the letter notifying the applicant of the rejection of the membership application.

2. The Board of Directors will consider the appeal at its next regularly scheduled meeting.

3. A decision of the board with respect to an appeal will be furnished to the applicant in writing with a statement of the board's reason(s) for accepting or rejecting the application.

4. Any decision of the Board of Directors with respect to an appeal of the rejection of an application will be final and not subject to further appeal.

5. If a rejected applicant's circumstances change such that the board's reason(s) for rejecting the application are no longer pertinent, the applicant may submit a new application for membership.

Inquiries

Inquiries with respect to the application process or the status of pending applications should be addressed to: Membership Operations Coordinator, American Academy of Actuaries, 1100 17th Street, N.W., 7th Floor, Washington, D.C. 20036.

Prescribed Examinations

The Academy Board of Directors, in accordance with Article I, Section 2B of the bylaws, prescribes examinations as follows:

A candidate who has attained by examination the indicated status listed below shall be deemed to have met the education requirements for admission to membership:

1. Associateship in the Casualty Actuarial Society and the Society of Actuaries.
2. M.S.P.A. or F.S.P.A. in the American Society of Pension Professionals and Actuaries.

3. Membership in the Conference of Consulting Actuaries.
4. Fellowship in the Canadian Institute of Actuaries, the Faculty of Actuaries in Scotland, the Institute of Actuaries of Australia, and the Institute of Actuaries in Great Britain.
5. Enrolled Actuary status under Subtitle C of Title III of the Employee Retirement Income Security Act of 1974.
6. Membership in the Colegio Nacional de Actuarios.

In those cases where familiarity with actuarial practices and principles in the United States cannot be assumed, the Executive Committee is empowered to call for evidence of such familiarity.

2006 Dues

Dues as approved by the Board of Directors are \$530 per year for members, payable on January 1. Admission in the first third of the year will require full payment of dues for that year, admission in the second third of the year will require payment of two-thirds of the annual amount, and admission in the last third of the year will require payment of one-third of the annual amount.

Article VII, Section 1 of the bylaws of the Academy provides that, subject to certain provisions with respect to disability and retirement, each member shall pay such dues for each calendar year as may be established by the Board of Directors of the Academy. Under this authority, the board has determined that dues may be partially waived for members who (a) are on temporary leave from the work force for any reason, including partial disability, and do not currently anticipate earning more than \$15,000 in 2006; (b) are under age 70 and retired from active employment with earned income from any employment not exceeding \$15,000 per year; (c) are unemployed and have earned

no more than \$15,000 from actuarial activities in 2005 and do not currently anticipate earning more than \$15,000 in 2006, and who are actively seeking actuarial work or planning to reenter the profession in the future. Members eligible for partial dues waiver will pay \$95 for annual dues.

Dues may be fully waived for members who (d) are totally disabled and anticipate remaining so during 2006; (e) are age 70 or older; or (f) are serving active duty in the U.S. military, Peace Corps, or similar volunteer service as determined by the Board of Directors.

When the circumstances that allow for a full or partial dues waiver no longer apply, the member is expected to pay the full dues for the calendar year for which the waiver applies.

Members granted partial or full waivers receive the Actuarial Update monthly newsletter, Contingencies magazine, yearbook, annual meeting notices, voting material for proposed bylaws amendments, and material from the Actuarial Standards Board.

To submit a dues waiver form, please access our website at www.actuary.org or contact:

Membership Operations Coordinator
American Academy of Actuaries
1100 17th Street, N.W.
7th Floor
Washington, D.C. 20036
(202) 223-8196
(202) 872-1948

Use of Academy Titles and Designations

Precept 12 of the Code of Professional Conduct of the American Academy of Actuaries provides that "[a]n Actuary shall make use of membership titles and designations of a Recognized Actuarial Organization only in a manner that conforms to the practices authorized by that organization." Annotation 12-1 of the Code defines "title" as "any title conferred by a Recognized Actuarial Organization related to a specific position within that organization," and "designation" as "a specific reference to membership status within such organization." The Academy's Board of Directors has authorized only the following practices for use of membership titles and designations:

I. Membership Designations

A member of the Academy may sign or otherwise identify himself or herself orally or in writing by using any of the following designations:

- A. Member of the American Academy of Actuaries
- B. Member, American Academy of Actuaries
- C. Member, A.A.A.
- D. M.A.A.A.

An individual who is not a member of the Academy, or who has ceased to be a member of the Academy through resignation, suspension, expulsion, or for any other reason, may not use any Academy designation unless and until that individual becomes or resumes being an Academy member.

II. Titles

A. Except as provided in Sections II (B) and (C) below, a member may include in written communications only references to titles

held within the Academy when engaged in Academy business or speaking on the Academy's behalf. A member may never speak or act on behalf of the Academy without authorization to do so from the Board of Directors, Executive Committee, or other appropriate authority.

B. Academy members who have been duly elected or appointed to the following roles may identify themselves as follows when engaged in Academy business or speaking on behalf of the Academy:

1. [Officer: (specify office)], American Academy of Actuaries
2. Member of the Board of Directors, American Academy of Actuaries
3. [Chairperson/Vice Chairperson/ Member], [(topic) Practice Council/ Council on Professionalism], American Academy of Actuaries
4. [Chairperson/Vice Chairperson/ Member], [Committee/Task Force/ Work Group] on [topic], American Academy of Actuaries
5. [Staff member: (specify title)], American Academy of Actuaries

C. A member who holds or has held one or more of the titles identified in Section II(B) above may refer to Academy offices or titles held in the following settings, but only if it is clear that the member is not purporting to speak or act on the Academy's behalf:

1. Biographical material, such as résumés or material included in a book or article written by or about the member;
2. Testimony in a court of law or before a legislative or regulatory body;
3. An announcement or publication of a member's change of employment or promotion.

Board and Committee Meetings

The Board of Directors has adopted the following policy with respect to attendance at, and participation in, Academy meetings.

1. The Academy's meetings (including conference calls) are open to its members, and to guests invited by the committee or task force chair, with the exceptions of the Nominating Committee, the Budget and Finance Committee, Personnel and Compensation Committee, and the Committee on Discipline, whose meetings are closed. However, portions of the Executive Committee and Board of Directors meetings may be closed for executive sessions, as well as portions of committee and task force meetings when necessary to consider confidential information where such consideration is essential to accomplish tasks assigned to the committees or task forces by the Board of Directors, the Executive Committee, or the appropriate Vice President. Committee or task force meetings may be closed to members only for the purpose of considering confidential information with the prior consent of the appropriate Vice President or the President, and subject to any terms, conditions, or restrictions that the Vice President or President may impose. The decision to permit a committee or task force to close its meetings shall be reported to the Board of Directors at its next regularly scheduled meeting.
2. Academy staff attends meetings and conference calls as appropriate.
3. Members attending Academy meetings (including conference calls) should inform the committee chairperson of

their presence (in-person or on a conference call), and are free to observe the conduct of those meetings. They may participate in discussions only with the consent of the chairperson.

4. Conference call schedules will be listed appropriately on the Academy website. However, the Academy reserves the right to reschedule, cancel or postpone meetings and conference calls at the request of committee members. Reasonable efforts will be made to update meeting and conference call schedules on a timely basis.

Committee Appointment Guidelines

Preamble

In accordance with the Bylaws of the American Academy of Actuaries, the president appoints committees authorized by the Board of Directors. To aid the president in making such appointments, the board adopted the following guidelines with this preamble at its meeting on Oct. 31, 1980. These guidelines reflect the board's intention to involve as many members as possible in committee activities without sacrificing continuity. However, the effectiveness of committee work is paramount, and as a consequence, strict adherence to the guidelines is not expected, particularly with respect to committees that interface regularly with other professions and/or government.

Committees for which specific appointment rules are established by the board (e.g., Nominating Committee, Actuarial Standards Board) are exempt from the guidelines. Appointments to joint committees and liaison appointments are subject to the guidelines applicable to standing committees, although

certain of the liaison appointments must be board members pursuant to Academy policy and agreements with other organizations.

Guidelines

1. All members of the Academy are eligible to serve on committees.
2. An officer of the Academy should not serve on any committee except in an ex officio capacity.
3. A person should be chairperson of a standing committee for no more than three years and should retire from the committee after serving as chairperson.
4. A person should remain on a standing committee for no more than three years unless such person becomes chairperson by the end of that period.
5. In general, a person should not serve concurrently on more than one standing committee.
6. In general, a person appointed to a task force or a special committee is expected to serve until the task force or special committee is discharged.

Bylaws

A CORPORATION ORGANIZED UNDER THE ILLINOIS GENERAL NOT FOR PROFIT CORPORATION ACT (ADOPTED APRIL 29, 1966, AND LAST AMENDED IN 1999)

Article I Membership

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

Members shall be entitled to attend meetings of the Academy, vote, hold office, serve as elected Directors, make nominations, serve on committees, and generally exercise the rights of full membership. They are authorized to designate themselves as "members" of the American Academy of Actuaries and to append to their names the initials M.A.A.A.

SECTION 2. Admission to Membership. Any person may apply for membership and shall become a member by meeting the requirements contained in this section.

- A. Application. Each candidate for admission must submit a written application that shall include such additional information as the Executive Committee may request.
- B. Education. Each candidate shall have passed or have received credit for the examinations, and/or achieved membership in a non-U.S.-based actuarial organization, as prescribed from time to time by the Board of Directors, hereinafter called the "Board."
- C. Experience. Each candidate must, at the date of application, have had at least three years of experience in responsible actuarial work. "Responsible actuarial work" is defined as work that has required knowledge and skill in solving practical actuarial problems in any of the following fields: life and health insurance

involving individual policies, group insurance, social insurance, pensions, or property and liability insurance.

- D. Resident Aliens and Nonresidents. A candidate who is a resident alien or a nonresident of the United States must meet such other requirements as are prescribed by the Board.
- E. Approval. Each application shall be acted upon by the Executive Committee. A candidate's application is approved if accepted by a majority of the whole Executive Committee. If refused for any reason, including a rejection on the basis of evidence of lack of character or professional integrity, the applicant may request review by the Board, pursuant to such procedures as may be adopted by the Board.

Article II 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.

Special meetings may be called by the Board. Upon request of not less than 5 percent of the members, the President shall call a meeting of the members. At all meetings 50 members shall constitute a quorum. Notice of a meeting, specifying the place, date, and hour of the meeting, shall be given not less than 40 nor more than 50 days before each meeting.

Article III Board of Directors

SECTION 1. Composition. The Board shall consist of 29 Directors, comprising the nine Officers, the two immediate Past Presidents, and 18 elected Directors.

SECTION 2. Election and Term of Office.

- A. Special Directors. The Board shall designate a number of seats on the Board, not to exceed eight, to be filled by a class of special Directors consisting of representatives of

other U.S. actuarial organizations whose presence on the Board is deemed helpful to the Academy. Special Directors shall be elected by majority vote of the whole Board and shall serve for a period of two years. If a vacancy occurs among the special Directors, the vacancy may be filled for the remainder of the unexpired term by majority vote of the whole Board. The term of office of a special Director shall begin at the close of the annual meeting of the Academy in the calendar year of the election and shall continue until the close of the annual meeting at the end of the term for which the special Director was elected.

- B. Regular Directors. Elected Directors who are not special Directors shall be regular Directors. Each year the members shall elect a number of regular Directors to bring the total number of elected Directors to 18. Candidates receiving the greatest number of votes shall be elected. Such regular Directors shall serve for a period of three years. A retiring regular Director, other than one who was elected to fill a vacancy whose term as a regular Director expires, shall not be eligible for re-election as a regular Director at that time. A Past President whose ex officio membership on the Board as Past President expires shall not be eligible for election as a regular Director at that time. If a vacancy occurs among the regular Directors, including a vacancy created by the election of a regular Director to an office or to the position of special Director, the vacancy may be filled for the remainder of the unexpired term by majority vote of the whole Board. The term of office of a regular Director shall begin at the close of the annual meeting of the Academy in the calendar year of the election and shall continue until the close of the annual meeting at the end of the term for which the regular Director was elected.

SECTION 3. Meetings. There shall be an annual meeting of the Board within 60 days

prior to 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 the state of Illinois. Notice of the meetings of the Board shall be given not less than 10 days nor more than 30 days before the meeting, except in the event of a meeting of the Board following the annual meeting of the Academy, in which event newly elected Directors shall be given notice of such meeting of the Board as promptly as possible. Such notice to newly elected Directors may be given personally, by telephone, by mail, or by facsimile transmission.

Any action required to be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the Board.

SECTION 4. Quorum. At meetings of the Board, a majority of the members of the Board shall constitute a quorum.

SECTION 5. Duties and Powers. The Board shall have, in addition to the powers and authority expressly conferred upon it by these Bylaws, the right, power, and authority to exercise all such powers and to do all such acts and things as may be appropriate to carry out the purposes of the Academy. Without prejudice to the general powers so conferred, the Board shall have the following specific powers:

- a. To act in accordance with the provisions of the Articles of Incorporation of the Academy and the laws of the state of Illinois.
- b. To establish the location of the offices of the Academy.
- c. To invest and administer the funds of the Academy.
- d. To arrange an annual audit of the accounts of the Secretary-Treasurer.

- e. To prescribe examinations and other requirements for admission, as provided in Article I, Section 2, of the Bylaws.
- f. To elect the Officers of the Academy.
- g. To authorize such committees as it may deem necessary for the conduct of the affairs of the Academy.

Article IV

Executive Committee

During any interim between meetings of the Board, the business of the Academy shall be conducted by an Executive Committee comprising the Officers and the immediate Past President. The Executive Committee shall have such powers as may be provided by these Bylaws or as may be delegated to it by the Board, except the specific powers enumerated (b), (d), (e), (f), and (g) in Section 5 of Article III.

Article V

Officers

SECTION 1. Officers. The Officers of the Academy, all of whom shall be members, shall consist of a President, a President-Elect, six Vice Presidents, and a Secretary-Treasurer.

SECTION 2. Election and Term of Office. 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, three or more Vice Presidents, and a Secretary-Treasurer.

At the annual meeting of the Board, 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 the first subsequent annual meeting of the Academy until the close of the second subsequent annual meeting of the Academy.

Except as hereinafter provided, the President-Elect, having been so elected at an annual meeting of the Board, shall commence the term as President-Elect at the close of the first subsequent annual meeting of the Academy and shall automatically succeed the President at the close of the second subsequent annual meeting of the Academy, and shall serve as the President until the close of the third subsequent annual meeting of the Academy. In the event the office of President becomes vacant, the President-Elect shall automatically succeed to fill the vacancy for the unexpired term. A President-Elect who so succeeds the President and serves in that capacity for less than six months prior to the close of the first subsequent annual meeting of the Academy following succession to the Presidency shall further serve as President until the close of the second subsequent annual meeting of the Academy.

The term of Vice President shall be two years. The term of each Vice President elected at each annual meeting of the Board shall be from the close of the first subsequent annual meeting of the Academy until the close of the third subsequent annual meeting of the Academy. In the event of a vacancy in the office of Vice President, the Board may elect a replacement for the remainder of the vacancy of that office. Said replacement may thereafter be eligible for re-election as a Vice President at the meeting at which the term expires.

A retiring Vice President is not otherwise eligible for re-election as a Vice President at the meeting at which the term expires.

Except as provided above, a retiring President shall thereafter be permanently ineli-

gible 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 the term expires.

Each Officer shall hold office for the term elected and until a successor shall have been elected.

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

Article VI

Duties of Officers

SECTION 1. President. The President shall preside at the meetings of the Board and of the Academy, shall appoint committees authorized by the Board, and may sign contracts or other instruments that the Board has authorized to be executed.

SECTION 2. President-Elect. The President-Elect shall have such duties as may be assigned by the President or by the Board. In the absence of the President, or in the event of the President's 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 by the President or by the Board.

SECTION 4. Secretary-Treasurer. The Secretary-Treasurer 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-Treasurer. If the President is absent or unavailable, the Secretary-Treasurer may sign, with any other person authorized by the Board, contracts or other instruments that the Board has authorized to be executed.

The Secretary-Treasurer shall also keep a register of the members, have charge of the preparation and publication of any yearbook that 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 Secretary-Treasurer. The Secretary-Treasurer shall give a bond for the faithful discharge of all such duties, the cost of which shall be paid by the Academy.

Article VII

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. At the time when dues are payable, any member who has become totally disabled or who, having attained an age to be selected by the Board, and having retired from active work or who has attained age 70, so notifies the Secretary-Treasurer in writing shall be granted exemption from the payment of dues by the Executive Committee. In addition, any member who (a) is expected to earn no significant income for the calendar year from actuarial activities, and (b) is within a class of members eligible for dues waiver as determined by the Board shall be granted exemption from the payment of dues by the Executive Committee.

It shall be the duty of the Secretary-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 dues remain unpaid, such person shall, on the date that falls three months after the date of mailing such notice, cease to be a member of the Academy for all purposes other than with respect to any penalty or other action determined under disciplinary procedures as provided in Article IX, relating to conduct prior to such date. Reinstatement as a member shall be subject to such conditions as the Board may prescribe.

SECTION 2. Publications. The Board shall determine the extent of distribution of publications of the Academy and the fees or prices to be charged any classes of recipients.

SECTION 3. Contracts. The Board may authorize any Officer or agent to enter into any contract or execute and deliver any instrument in the name of or on behalf of the Academy.

SECTION 4. Checks. All checks, drafts, or other orders for a 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 5. 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 VIII

Resignation of Members

Any member may at any time file a resignation in writing with the Secretary-Treasurer, and, unless it is rejected by the Executive Committee, it shall become effective as of the date it was filed. The Executive Committee may reject a resignation only if a

complaint or charge is pending against the member or if a complaint or charge is filed within 60 days after the date that the member's attempted resignation is filed. A member whose resignation is rejected by the Executive Committee may appeal in writing to the Board. The Board may affirm or set aside an Executive Committee decision to reject a member's resignation by a majority vote of the members of the whole Board.

Notwithstanding the foregoing, the Board may in its discretion permit the resignation of a member against whom a complaint or charge is pending. The Board, on written application of any member who has resigned, may reinstate such member subject to such conditions as it may prescribe.

Article IX

Public Discipline

SECTION 1. Complaints and Referrals.

- A. Complaints concerning alleged violations of the Academy's Code of Professional Conduct, and all questions that may arise as to the conduct of a member, in the member's relationship to the Academy or its members, or in the member's professional practice, or affecting the interests of the actuarial profession, constitute matters for serious consideration.
- B. Such complaints and questions shall be referred to the national organization responsible for professionwide counseling and discipline in the nation where the action occurred: the Actuarial Board for Counseling and Discipline (ABCD) in the United States and in any other country where the Academy has not executed a cross-border discipline agreement with a foreign national actuarial organization, and the appropriate foreign national actuarial organization with which the Academy has executed a cross-border discipline agreement (for example, the Canadian Institute of Actuaries in Can-

ada). The Academy will publish annually in its Yearbook a list of foreign national actuarial organizations with which it has executed a cross-border discipline agreement.

SECTION 2. Consideration of Public Disciplinary Action.

- A. The President shall appoint a six-person Disciplinary Committee from among the current or former members of the Board who, at the time of their appointment, have served on the Board within the past five years to consider and act upon a recommendation from the ABCD or the appropriate foreign national actuarial organization for public discipline of an Academy member.
- B. Public disciplinary action includes a public reprimand, suspension of Academy membership, or expulsion from the Academy.
- C. The member who is the subject of a public disciplinary recommendation from the ABCD or the appropriate foreign national actuarial organization shall have the right to appear personally and by counsel (at the member's expense) before the Disciplinary Committee to explain why that recommendation should not be followed. The role of the member's counsel shall be limited to advising the member and articulating appropriate legal objections; the role of the Disciplinary Committee's counsel shall be similarly limited.
- D. The member involved shall be notified not less than 45 days in advance as to the time, date, and place where the Disciplinary Committee will consider the matter. The notification may be made by certified mail or in such other manner as the Disciplinary Committee Chairperson may direct. The time limit may be waived by mutual agreement of the parties.
- E. An action of the Disciplinary Committee to publicly reprimand, suspend, or expel a member requires an affirmative vote of two-thirds of the whole membership of

the Disciplinary Committee.

- F. An action by the Disciplinary Committee to publicly reprimand, suspend the membership of, or expel a member is effective 45 days after the date of the action, if the member does not appeal the action to the Appeal Panel as provided in Section 3 below, and, in the event of such an appeal, the action is effective on the date when the appeal is decided by the Appeal Panel.

SECTION 3. Appeals.

A member against whom an order of public reprimand, suspension, or expulsion has been rendered shall, upon application to the president within 45 days after the action of the Disciplinary Committee, be entitled to appeal under the following conditions:

- A. The President shall appoint a six-person Appeal Panel from among the members of the Board of Directors (except as provided in subsection 2 below) to consider and act upon the member's appeal. The Appeal Panel shall consist of:
 - 1. A chairperson who is the president, the president-elect, the immediate past president, or the secretary-treasurer;
 - 2. The chairperson of the Disciplinary Committee (even if that person is no longer a member of the Board of Directors); and
 - 3. Four members of the Board of Directors who did not participate on the Disciplinary Committee. Officers identified in Section 3(A)(1) who do not Chairperson the Appeal Panel may participate as members of the Appeal Panel.
- B. The notice of appeal shall be in writing and shall stipulate that the appealing member consents to the mailing to the members of the Appeal Panel of a transcript and all applicable evidence in a form approved by the Disciplinary Committee.
- C. All rights and privileges of membership

shall be retained during the pendency of the appeal.

- D. The member may appear personally and by counsel (at the member's expense) before the Appeal Panel to explain why the action of the Disciplinary Committee should be reduced or set aside. The role of the member's counsel shall be limited to advising the member and articulating appropriate legal objections; the role of the Appeal Panel's counsel shall be similarly limited.
- E. The decision of the Disciplinary Committee may be affirmed, reduced, or set aside by a majority of the Appeal Panel.
- F. The member involved shall be notified not less than 45 days in advance as to the time, date, and place where the Appeal Panel will consider the matter. The notification may be made by certified mail or in such other manner as the chairperson of the Appeal Panel may direct. The time limit may be waived by mutual agreement of the parties.

SECTION 4. Reinstatement.

An individual who has been expelled or suspended from the Academy may be reinstated only through an action of the Board of Directors.

SECTION 5. Confidentiality of Proceedings.

Except as otherwise provided in these By-laws or by waiver of the person under investigation, all proceedings under this Article shall be confidential and kept secret. If the person discloses any aspect of these confidential proceedings, the Academy may research the source and manner of the disclosure, and reserves the right to respond to such disclosure by providing factual information about the proceedings.

SECTION 6. Notifications.

- A. The Academy shall notify Academy members in all instances in which a member is subject to public discipline. At the same time notification is given to the members,

the Academy shall also give notice of the public discipline to all other actuarial organizations of which the individual is a member and to other organizations, including government entities, that, in the opinion of the Disciplinary Committee or the Appeal Panel, should also receive notice of the action. The Academy may also give notice of public discipline to such newspapers or journals as it may select.

- B. If the case arises from a written complaint, notice of the disposition of the case shall be furnished to the complainant.
- C. In the case of an action to publicly reprimand, suspend, or expel a member, the notification should take place within a reasonable period of time after the action has taken effect as described in Section 2(F) above.
- D. In the event of subsequent reinstatement of an expelled or suspended member, the Academy shall give notice of such action to all members and also to entities previously advised by the Academy of the expulsion or suspension.

SECTION 7. Procedures.

The Board of Directors may establish procedures for implementation of this Article that are not inconsistent with this Article.

Article X Actuarial Board for Counseling and Discipline

SECTION 1. Establishment and Purposes.

- A. There shall be established within the Academy an entity to be known as the Actuarial Board for Counseling and Discipline (ABCD). Upon delegation of appropriate authority from a participating actuarial organization and acceptance of that delegation by the ABCD, the ABCD will be authorized:

- 1. To consider all complaints concerning alleged violations or information suggesting possible violations of

the applicable Code(s) of Professional Conduct and all questions that may arise as to the conduct of a member of a participating actuarial organization in the member's relationship to the organization or its members, in the member's professional practice, or affecting the interests of the actuarial profession.

2. To counsel actuaries concerning their professional activities related to the applicable Code(s) of Professional Conduct in situations where the ABCD deems counseling appropriate.

3. To recommend a disciplinary action with respect to an actuary to any participating organization of which that actuary is a member.

4. To mediate issues between members of participating actuarial organizations, or between such members and the public, for the purpose of informally resolving issues concerning the professional conduct of such members.

5. To respond to requests for guidance regarding professionalism from members of the participating organizations.

B. The ABCD is authorized to establish Rules of Procedure and operating guidelines not inconsistent with the requirements of this Article. Such Rules of Procedure shall provide that the subject of an inquiry will be given the following:

1. Notice of the inquiry along with the factual basis for the inquiry and an opportunity to comment on the matter before the ABCD determines whether an investigation should be initiated.
2. Notice of the ABCD's decision to refer the inquiry to Investigators, their names, and an opportunity to object for cause in writing to any of them.
3. The opportunity to comment on an Investigative Report before the ABCD uses the Report to vote on disposition of the inquiry.

4. Reasonable notice of a hearing to be conducted regarding the actuary's work and/or conduct, including the issues for inquiry and the date, time, and place of the hearing.

5. Within a reasonable period of time prior to a hearing, the names of any witnesses whose testimony the ABCD expects to consider and copies of case-specific documents not previously provided to the subject of the inquiry that the ABCD expects to consider.

6. Notice and a reasonable opportunity to respond to additional relevant, material case-specific documents and witnesses that the ABCD first learns of during a hearing, if the ABCD intends to consider such. The notice shall include a copy of such documents and the names and last known addresses of witnesses.

7. The right to assistance of counsel during a hearing, including the right to seek and receive advice from counsel and to have counsel articulate appropriate legal objections.

8. Prompt notification of the results of an ABCD hearing after they have been determined and formulated. The ABCD shall expose, for comment, proposed revisions of its Rules of Procedure to the profession or to membership organizations for publication to their members.

SECTION 2. Members and Appointments.

A. The ABCD shall consist of nine persons appointed from the membership of the participating organizations. Appointments will usually be made for three-year terms, but appointments for shorter terms may be made to assure that the terms of one-third of the members will expire each year. A member may serve no more than two consecutive terms.

B. Members of the ABCD shall be broadly representative of all areas of actuarial practice. They shall be appointed by, and

serve at the pleasure of, a Selection Committee composed of the Presidents and Presidents-Elect of the participating organizations. The President of the Academy shall serve as Chairperson of the Selection Committee.

- C. If a vacancy arises among the members of the ABCD, the Selection Committee shall designate a replacement to fill out the remainder of the term. The replacement will complete that term, and may be re-appointed for one additional consecutive three-year term. When a full-term or replacement member has attended a hearing as an ABCD member, such member may serve beyond his or her term of appointment solely for the purpose of participating in the ABCD's disposition of that matter.
- D. Where three or more members of the ABCD have an actual or apparent conflict of interest with regard to a particular matter, with the result that a quorum of the ABCD cannot practicably be convened to consider the matter, the Selection Committee may, in response to a request from the ABCD, appoint enough special members to the ABCD to form a quorum to consider that matter. The special members shall consider only the matter(s) for which appointed, and the term of each such special member shall end at the conclusion of the ABCD's consideration of such matter(s).

SECTION 3. Officers. The Officers of the ABCD shall consist of the Chairperson and two Vice Chairpersons, who shall be appointed annually from among the members of the ABCD by the Selection Committee.

SECTION 4. Meetings and Conduct of Business. The ABCD shall meet at least once each year. Meetings may be called by the Chairperson or at the request of at least three members. Six members of the ABCD shall constitute a quorum. Meetings may be conducted in person or via telephone. In

the event that neither the Chairperson nor a Vice Chairperson is able to participate at a duly called meeting where a quorum is present, the members may, by a majority of those participating, select a Chairperson Pro Tem for that meeting.

SECTION 5. Procedures.

- A. For any matter described in Section 1.A.1 that comes to the attention of the ABCD, the Chairperson and the two Vice Chairpersons may by majority vote agree to: (1) dismiss the matter, (2) authorize a mediator to attempt to resolve the matter, or (3) authorize a review of the matter.
- B. An actuary whose activities are the subject of ABCD inquiry is referred to as a "subject actuary."
- C. To review a matter, the Chairperson shall appoint a primary Investigator and may appoint additional Investigators. ABCD members shall not be Investigators.
 - 1. The Investigator(s) shall investigate activities which may involve violations of the applicable Code(s) of Professional Conduct. The Investigator(s) shall then prepare an Investigative Report for the ABCD, which contains the results of the investigation.
 - 2. The Investigator(s) shall follow applicable Rules of Procedure and operating guidelines established by the ABCD, which shall not be inconsistent with the provisions of this Article.
- D. The Chairperson may designate individuals with special expertise in various specialty areas to serve as Advisers to the ABCD. Investigator(s) and the ABCD may consult confidentially with such Advisers who have information or experience relevant to a matter under consideration.
- E. Following receipt of the Investigative Report, the ABCD shall determine by majority vote whether to (1) dismiss the matter; (2) counsel the actuary; or (3) schedule, in accordance with the Rules of Procedure described in Section 1.B of this Article, a

fact-finding hearing before the ABCD.

F. In any hearing before the ABCD:

1. The subject actuary shall have the right to appear personally, to examine the evidence to be considered by the ABCD, to question witnesses appearing at the hearing, and to present witnesses and evidence.
2. The subject actuary may be accompanied by counsel, at no expense to the ABCD. The counsel's role in such instance shall be defined by the Rules of Procedure adopted by the ABCD, subject to the requirements of Section 1.B.7 of this Article. The role of counsel for the ABCD shall be similarly defined.
3. The ABCD shall decide all questions of evidence at the hearing.
4. A written transcript shall be made of the proceedings and a copy made available to the subject actuary.

G. Following the conclusion of the hearing and based on the evidence (including testimony), only those ABCD members participating in the hearing shall, by affirmative vote of five or more members, determine to (1) dismiss the matter; (2) counsel the actuary; or (3) recommend discipline to the subject actuary's membership organization(s), including the form of such discipline: private reprimand (if permitted by the membership organization's bylaws or rules), public reprimand, suspension, or expulsion. If the ABCD believes it would be beneficial, it may also counsel an actuary for whom discipline is recommended.

If the ABCD recommends discipline, the ABCD shall prepare a written report addressed to each participating organization of which the subject actuary is a member. The report shall identify the precepts of the applicable Code(s) of Professional Conduct that the ABCD believes to have been violated, state the nature of the violations, and make a recommendation as to the form of discipline. The re-

port shall be accompanied by a transcript of the hearing and copies of all documents considered at the hearing. A copy of the report and accompanying material shall be provided to the subject actuary.

SECTION 6. Counseling. The ABCD shall counsel a subject actuary when the ABCD determines counseling to be more appropriate than dismissal of a matter. The ABCD may also counsel a subject actuary for whom it recommends discipline. Counseling shall not be considered a disciplinary action.

SECTION 7. Staff. The ABCD will utilize the staff of the Academy for necessary legal, logistical, and technical support and may retain outside counsel for assistance, as needed.

SECTION 8. Finances.

A. The finances of the ABCD will be accounted for separately within the Academy system of accounts. The ABCD will submit a budget request to the Secretary-Treasurer, listing all planned income sources and potential expenses, in such form and in such detail as is mutually determined by the Secretary-Treasurer and the ABCD. The Board of the Academy will consider this request when adopting its annual budget and will make provision within such budget for the operating expenses of the ABCD.

B. The ABCD will have discretion with regard to the expenditure of all funds allocated to it, subject only to such accounting and audit requirements as may be mutually determined by the Secretary-Treasurer and the ABCD.

SECTION 9. Confidentiality. Except as otherwise provided in these Bylaws, all proceedings under this Article shall be kept confidential by the ABCD, its staff, investigators, and advisers. This requirement as to confidentiality shall not preclude the ABCD from:

- A. Advising complainants and subject actuaries about the progress and outcome of matters under consideration;
- B. Reviewing previously closed files as they may relate, in any manner, to the consideration of a new matter before it;
- C. Accepting a bona fide waiver of confidentiality from a subject actuary and disclosing information pursuant to that waiver that would otherwise be kept confidential under this section, subject to such terms and conditions as the ABCD deems necessary to protect the confidentiality rights of other parties and the integrity of the ABCD process.

SECTION 10. Communications. The ABCD shall issue an annual report that will include a description of its activities for the prior fiscal year, including commentary on the types of cases pending, resolved, and dismissed. The ABCD may also disseminate educational materials to assist actuaries in understanding the application of the Code(s) of Professional Conduct in various situations that may arise. These reports and educational materials shall not reveal any confidential information. The ABCD shall also report quarterly to the President of each participating organization concerning inquiries, issues, and counseling activities related to members of that organization.

Article XI

Actuarial Standards Board

SECTION 1. Establishment and Purposes. There shall be established within the Academy an entity to be known as the Actuarial Standards Board (ASB), whose purposes shall be to:

- A. (i) Expose, (ii) promulgate or adopt, and (iii) publish actuarial Standards of Practice, within its sole discretion and pursuant to such procedures as it deems appropriate, in all areas of actuarial practice, subject to the specific requirements of this article.

- B. Provide continuous review of existing Standards of Practice and determine whether they are in need of amendment, alteration, expansion, or elimination.
- C. Direct and manage the development of actuarial Standards of Practice by its operating committees in all areas of actuarial practice.

SECTION 2. Members and Appointments.

- A. The ASB shall consist of nine members, each of whom shall be appointed for three-year terms. No individual may serve more than two consecutive terms on the ASB. Terms of membership shall be staggered, so that one-third of the members are appointed annually.
- B. Members of the ASB shall be broadly representative of all areas of actuarial practice. They shall be appointed by and serve at the pleasure of a Selection Committee composed of the Presidents and the Presidents-Elect of the organizations that participate in the ABCD, or their successor organizations. The President of the Academy shall serve as Chairperson of the Selection Committee. The Selection Committee shall annually appoint the Chairperson of the ASB. An individual appointed Chairperson may not serve more than two consecutive terms as Chairperson. If a vacancy arises among the members of the ASB, the Selection Committee shall designate a replacement. The replacement will complete that term, and may be reappointed for one additional consecutive three-year term.

SECTION 3. Meetings. The ASB shall meet at least four times annually. Additional meetings of the ASB shall be called whenever the Chairperson or at least four members of the ASB so request. At meetings of the ASB, two-thirds of the members of the ASB shall constitute a quorum. At least six affirmative votes are required for the ASB to expose, promulgate, or adopt actuarial Standards of Practice.

SECTION 4. Officers.

A. Officers of the ASB shall consist of a Chairperson and two Vice Chairpersons. The Vice Chairpersons shall be appointed annually from among the members of the ASB by the Chairperson with the consent of the ASB.

1. One Vice Chairperson shall be the presiding officer in the absence of the Chairperson and shall have such other duties as may be assigned by the Chairperson.

2. The other Vice Chairperson shall monitor the disposition and be responsible for the authorization of expenditure of all funds associated with the ASB.

B. The Chairperson of the ASB shall preside at meetings of the ASB and shall designate operating committee Chairpersons with the consent of the ASB. Members of the operating committees shall be appointed by each operating committee Chairperson with the consent of the ASB.

SECTION 5. Committees. The ASB shall establish operating committees to prepare and draft Standards of Practice for consideration by the ASB. The number and membership of such committees shall be determined by the ASB. The ASB may establish additional committees, subcommittees, or task forces as it deems appropriate to carry out administrative or advisory functions in support of its operations.

SECTION 6. Finance.

A. Financial activities pertaining to the ASB will be accounted for separately within the Academy system of accounts. The ASB will submit a budget request to the Secretary-Treasurer, listing all planned income sources and potential expenses, in such form and in such detail as are mutually determined by the Secretary-Treasurer and the ASB. The Academy Board will consider this request when adopting the

Academy annual budget and will make provision within such budget for ASB operating expenses.

B. The ASB will have discretion with regard to the expenditure of all funds allocated to it, subject only to such accounting and audit requirements as are mutually determined by the Secretary-Treasurer and the ASB.

SECTION 7. Staff. The ASB will utilize the staff of the Academy for all support, within the budgetary constraints of the ASB, and the Academy will make available to the ASB such staff support as may be requested. Costs for such staff support, including overhead expenses ascertained pursuant to a formula mutually determined by the Secretary-Treasurer and the ASB, will be included in the ASB budget.

SECTION 8. Communications with the Actuarial Profession. The ASB shall issue an annual report that will include a description of its activities for the prior fiscal year, including commentary on its standards activities, administrative matters, and finances. The ASB shall cooperate with duly constituted actuarial authorities charged with enforcing standards of professional practice, and respond to inquiries regarding actions of the ASB, including the interpretation of standards promulgated or adopted by the ASB.

Article XII Notice

The requirement that notice be given to members or other persons shall be satisfied when a letter has been deposited in a U.S. Postal Service mailbox addressed to the last known address of such person.

Article XIII Indemnification

Each person who at any time shall serve or shall have served as an Officer, member of

the Board, committee member, or member of any disciplinary board of the Academy (and any such person's heirs, executors, administrators, and personal representatives) shall be indemnified by the Academy against all costs and expenses (including but not limited to legal fees, amounts of judgments paid, and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit, or proceeding, whether civil, criminal, administrative, or other, in which one or more of them may be involved by virtue of such person being or having been an Officer, member of the Board, committee member, or member of any disciplinary board of the Academy, or in connection with any appeal therein; provided, however, that in the event of a settlement the indemnification herein provided shall apply only when the Board approves such settlement; and provided further that such indemnity shall not be operative with respect to any matter as to which such person shall have been finally adjudged liable in such claim, action, suit, or proceeding on account of willful misconduct.

The rights accruing to any person under this Article shall be without prejudice to any rights or benefits given by the Board inconsistent therewith in special cases and shall not exclude any other rights or benefits to which the individual may be lawfully entitled.

Article XIV

Use of Financial Resources: Dissolution

The funds of the Academy shall be devoted exclusively to the purposes stated in paragraph 5 of the Articles of Incorporation. No part of the net earnings of the Academy shall ever inure in whole or in part to the benefit of any member or individual. If the Academy is dissolved, all of its remaining assets shall be transferred to one or more organizations organized and operated ex-

clusively for purposes similar to those of the Academy.

Article XV

Amendments

Administrative, editorial, and technical amendments to the Bylaws that do not involve questions of policy or affect the substantive rights of the Academy's members may be made by a vote of two-thirds of the Directors present at a duly convened meeting of the Board. Otherwise, amendments to the Bylaws may be proposed either by a vote of two-thirds of the Directors present at a duly convened meeting of the Board or by written request of not less than 3 percent of the members. The Board shall specify a reasonable period of time within which the proposed amendment shall be transmitted by the Secretary-Treasurer to the members by mail, and the time for votes to be mailed by the members to the Secretary-Treasurer. Such proposed amendment shall be accompanied by an appropriate discussion of the issues, and it shall become effective 10 days following the end of the voting period upon the affirmative vote of two-thirds of the members voting.

North American Actuarial Council Working Agreement

(Pending adoption by the
North American Actuarial Council)

This Working Agreement sets forth the cooperative goals of the American Academy of Actuaries (Academy), the American Society of Pension Professionals and Actuaries (ASPPA), the Asociacion Mexicana de Actuarios (AMA), the Asociacion Mexicana de Actuarios Consultores (AMAC), the Canadian Institute of Actuaries (CIA), the Casualty Actuarial Society (CAS), the Colegio Nacional de Actuarios (CONAC), the Conference of Consulting Actuaries (Conference), and the Society of Actuaries (SOA), collectively referred to as the Participating Organizations.

In order to: foster cooperation among the Participating Organizations consistent with their individual missions as described below; eliminate unnecessary duplication of effort and activity between the Participating Organizations (thereby maximizing the efficient use of the Participating Organizations' resources); encourage mutual recognition and cross-border discipline; and enhance the image, growth and reputation of the actuarial profession in North America, the Participating Organizations agree to participate in the North American Actuarial Council ("NAAC") as described in this Working Agreement.

The Participating Organizations agree to broadly publicize this Agreement (e.g., publish it in their Yearbooks and on their websites).

I. Missions of the Participating Organizations

Each of the Participating Organizations operates to further its self-identified mission. The missions of the Participating Organizations may be broadly summarized as follows:

Academy: nationally and internationally, to represent the entire U.S. actuarial profession in the formulation of public policy and support U.S. actuaries in fulfilling their related responsibilities; to encourage the professionalism of U.S. actuaries by fostering the establishment, communication, maintenance, and enforcement of high professional standards; and to represent and advance the U.S. actuarial profession and increase the public's recognition of the U.S. actuarial profession's value.

ASPPA: To educate all retirement plan professionals and to preserve and enhance the employer-based retirement system as an essential part of a national retirement income policy in the United States.

AMA: To support the Mexican actuarial profession in maintaining high standards of professional integrity and technical expertise and, thereby, promote the dignity of the profession and enhance the public's recognition of the profession's value.

AMAC: To advance the quality of actuarial consulting practice in Mexico by providing continuing education and business support services to Mexican actuaries in consulting practice.

CIA: As the national organization of the Canadian actuarial profession, to serve the public through the provision by the profession of actuarial services and advice of the highest quality by: representing the Canadian actuarial profession in the formulation of public policy; promoting the advancement of actuarial science and sponsoring programs for the education and qualification of CIA members and prospective members; ensuring that actuarial services provided by its members meet accepted professional standards; and assisting actuaries in Canada in the discharge of their professional responsibilities.

CAS: To advance the body of knowledge of actuarial science applied to property, casualty, and similar risk exposures by: providing basic and continuing education; conducting research; establishing and maintaining high standards of conduct and competence for its members; communicating with the pub-

lics affected by insurance; and increasing the awareness of actuarial science.

CONAC: To serve as the professional membership organization for all the actuaries licensed to practice in Mexico, regardless of their specialty area; to advise the Mexican government concerning public policy matters with actuarial implications; and to foster actuarial education and research in Mexico.

Conference: To advance the quality of actuarial consulting practice, support the needs of consulting actuaries, and represent their interests.

SOA: The Society of Actuaries is an educational, research, and professional organization dedicated to serving the public and Society members. Its mission is to advance actuarial knowledge and to enhance the ability of actuaries to provide expert advice and relevant solutions for financial, business, and societal problems involving uncertain future events. The vision of the Society of Actuaries is for actuaries to be recognized as the leading professionals in the modeling and management of financial risk and contingent events. The Society also works to anticipate future member needs through environmental scanning, strategic planning, and dynamic strategy management.

Each of the Participating Organizations takes whatever measures it deems necessary, appropriate, or desirable to attract, recruit, and serve its individual members. This agreement is not intended, nor should it be construed, to restrict in any way the independent business decisions of the Participating Organizations but, rather, to document the Participating Organizations' desire to cooperate in the service of the North American actuarial profession consistent with their own missions and purposes.

II. The North American Actuarial Council

A. Purpose of NAAC

The Participating Organizations jointly acknowledge that:

- The operating environments in the three North American countries are very different,
- The Participating Organizations' members expect the organizations to leverage resources and take appropriate advantage of synergies, and
- Increased information sharing and dialogue among the Participating Organizations has the potential to yield collective insights valuable to each organization.

Accordingly, the Participating Organizations define NAAC's purpose as follows:

1. NAAC is to be a forum where networking occurs and camaraderie is built among the leaders of the North American actuarial organizations.
2. NAAC is to be a forum for information sharing on current and potential activities among the North American actuarial organizations.
3. NAAC is to be a source of knowledge in identifying conditions, trends, assumptions, and key issues affecting the North American actuarial profession and benchmarking best practices among member organizations.
4. NAAC is to be a catalyst for dialogue on key issues facing the North American actuarial profession.
5. NAAC is to be a facilitator of opportunities for leveraging of resources across organizations.

In fulfilling its purpose, NAAC shall abide by the following guiding principles:

- The conditions, cultures, and perspectives of each individual country and their member organizations will be respected

and valued.

- The autonomy of each member organization to pursue its mission and purpose will be preserved.
- The public interest will always be a primary consideration.
- The best interests of the profession will always be considered.

B. Members

The North American Actuarial Council (NAAC) is composed of up to two officers of each Participating Organization. One of the two officers shall be the President of the Participating Organization. The other officer shall be the President-Elect of the Participating Organization unless the Participating Organization appoints another officer it deems more appropriate. If a designated officer of a Participating Organization is unable to attend a meeting of NAAC, the Participating Organization may designate another appropriate representative to attend the meeting in that officer's stead. The Executive Directors of the Participating Organizations attend and participate in NAAC meetings, but are not members of NAAC and do not vote.

Additional organizations may participate in NAAC at the invitation of the Participating Organizations.

C. Meetings

NAAC will meet in person up to three times a year. Arrangements for the in-person meetings (including location and chairing the meeting) shall be the responsibility of the host country. Each year, one of the Participating Organizations shall be responsible for working together with the group designated to prepare the agenda and with the hosting organizations in order to finalize the agenda and prepare meeting materials for each NAAC meeting. The Participating Organizations shall decide how to coordinate the agenda and provide meeting mate-

rials for the following year no later than at their fall meeting each year. The Participating Organizations agree to share equally the costs to perform this support function, with the Mexican organizations counting as one organization. When appropriate, the Academy also agrees to make its legal counsel available for consultation to NAAC; and to coordinate, upon request, with counsel for the CIA and the Mexican organizations to develop such legal advice.

III. Communications Among the Participating Organizations

- A. Each Participating Organization shall share items of mutual interest, including items distributed to the Participating Organization's board members (subject to board approval), with the other members of NAAC as soon as feasible after the items are available (electronically through the NAAC list server if appropriate). This sharing includes the Participating Organization's yearbook, newsletters, and board minutes, in addition to other important documents or significant studies that would be of value to the wider audience. This sharing does not apply to any item that a Participating Organization considers to be confidential.
- B. Each Participating Organization shall endeavor to inform each of the other Participating Organizations on a timely basis of any of its actions that are expected to have a significant effect on one or more of the other Participating Organizations or their members.
- C. Each Participating Organization shall invite the Members of NAAC to all general membership meetings, with the registration fee waived.

By our signatures below, we represent that our organizations, by resolution of their governing boards, agree to the above

goals and to cooperate consistent with the principles set forth in this Working Agreement.

American Academy of Actuaries (Academy)

American Society of Pension Professionals and Actuaries (ASPPA)

Asociacion Mexicana de Actuarios (AMA)

Asociacion Mexicana de Actuarios
Consultores (AMAC)

Canadian Institute of Actuaries (CIA)

Casualty Actuarial Society (CAS)

Colegio Nacional de Actuarios (CONAC)

Conference of Consulting Actuaries
(Conference)

Society of Actuaries (SOA)

Cross-Border Discipline Agreement

This is an agreement between the Canadian Institute of Actuaries (CIA) and the American Academy of Actuaries (Academy), the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries (collectively "the U.S.-based organizations"). The CIA and the U.S.-based organizations agree that it is in the best interests of their members to reduce the risk that their members will be subjected to multiple disciplinary investigations arising out of a single complaint, inquiry, or incident involving an alleged breach of the professional standards of the CIA and/or the U.S.-based organizations. Consequently, with regard to their members practicing in the United States and Canada, the CIA and the U.S.-based organizations agree as follows:

1. Members of the U.S.-based organizations practicing in Canada are required by the U.S.-based organizations to comply with the Rules of Professional Conduct, Standards of Practice, and eligibility requirements of the CIA. Members of the CIA practicing in the United States are required by the CIA to comply with the Codes of Professional Conduct, Qualification Standards, and Actuarial Standards of Practice of the U.S.-based organizations. The location(s) of the member's practice in each case is determined by the ultimate purpose(s) of the member's work, as determined by the facts and circumstances of the case. As between the United States and Canada, the ultimate purpose(s) of a member's work is determined by whether the work is performed pursuant to the

legal or regulatory requirements of the United States or Canada, or whether it is intended for use in the United States or Canada. (Thus, for example, an actuary who performed work to be filed with a United States governmental body would be deemed to have practiced in the United States when performing that work; similarly, an actuary who performed work to be filed with a Canadian governmental body would be deemed to have practiced in Canada when performing that work.) The residence or physical location of the actuary is irrelevant to the determination of whether the actuary has practiced in the United States or Canada.

2. Questions concerning members' practice in Canada are investigated by the CIA in accordance with its rules and bylaws. Questions concerning members' practice in the United States are investigated by the Actuarial Board for Counseling and Discipline and acted upon by the U.S.-based organizations in accordance with their rules and bylaws.

3. If a question arises concerning a CIA member's practice in the United States and the CIA member is not also a member of one or more of the U.S.-based organizations, the question will be investigated by the Actuarial Board for Counseling and Discipline and reviewed by the Academy in accordance with its rules and bylaws as if the CIA member were a member of the Academy.

4. The parties hereby agree that, in instances where it is unclear whether a complaint, inquiry, or incident involving a member should be investigated by the CIA or by the ABCD, the CIA's executive director and legal counsel to the ABCD will initiate discussions between the CIA and ABCD to determine which organization will undertake the investigation.

5. A determination by the CIA that a

member of one or more of the U.S.-based organizations breached the applicable Rules of Professional Conduct, Standards of Practice, or eligibility requirements of the CIA when practicing in Canada will be made solely by the CIA, and will be deemed final by all the parties to this agreement when the appeal process of the CIA has been exhausted. A determination by one or more of the U.S.-based organizations that a member of the CIA breached the applicable rules of the U.S.-based organization(s) when practicing in the United States will be made solely by the U.S.-based organizations pursuant to findings and recommendation of the ABCD, and will be deemed final by all the parties to this agreement as to each U.S.-based organization when the appeal process of that U.S.-based organization has been exhausted.

6. The CIA will retain sole authority to determine the penalty to be imposed by the CIA upon one of its members based upon a finding by one or more of the U.S.-based organizations that a CIA member breached applicable rules when practicing in the United States. Each of the U.S.-based organizations will retain sole authority to determine the penalty to be imposed by that organization upon one of its members based upon a finding by the CIA that the member breached applicable rules when practicing in Canada.

7. The CIA agrees to communicate to the relevant U.S.-based organizations any public finding that a member of the U.S.-based organizations breached applicable rules when practicing in Canada, regardless of whether the member is also a member of the CIA, and to provide each of the relevant U.S.-based organizations with a copy of the Appeal Tribunal transcript, if any, or the transcript of the Disciplinary Tribunal and the findings of the Appeal Tribunal, if any, or the findings of the Disciplinary Tribunal. The CIA will also provide to the U.S.-based organizations upon request any and all ad-

ditional documents and evidence considered by the tribunal in rendering its decision not subject to the solicitor-client or litigation privileges. Each of the U.S.-based organizations agrees to communicate to the CIA any public finding that a member of that U.S.-based organization who is also a member of the CIA breached applicable rules when practicing in the U.S., and to provide a copy of the ABCD's findings and conclusions and a summary of the U.S.-based organization's conclusions, as well as other documents not subject to the attorney-client or attorney work product privileges, upon request from the CIA. The Academy agrees to communicate to the CIA any finding that a CIA member who is not also a member of any U.S.-based organization breached applicable rules when practicing in the United States, and to provide a copy of the ABCD's findings and conclusions and a summary of the Academy's conclusions, as well as other documents not subject to the attorney-client or attorney work product privileges upon request from the CIA. The parties will communicate to each other any finding of breach of applicable rules that results in public discipline, but will not communicate or provide copies of documents generated through investigation of a complaint or question concerning an actuary's conduct that did not result in public discipline.

8. The CIA and each of the U.S.-based organizations will not recommend to each other that any specific penalty be imposed upon a member based upon a finding that a member breached applicable rules of conduct, qualification, or practice, but they will recommend that public disciplinary action be considered against a member if that member has been found to have breached applicable rules of conduct, qualification, or practice.

9. Where, in accordance with this agreement, the CIA communicates to the relevant U.S.-based organization(s)

a public finding that a member of one or more of the U.S.-based organizations has breached applicable rules of conduct, qualification, or practice when practicing in Canada, or the U.S.-based organization communicates to the CIA a public finding that a CIA member has breached applicable rules of conduct, qualification, or practice when practicing in the United States, the parties hereby agree that each of the recommending organization(s) designates the following representative to assist in answering any questions that the penalizing organization(s) may have with respect to the recommendation(s):

1. Academy: Executive Director
2. ASPPA: Executive Director
3. CAS: Executive Director
4. CCA: Executive Director
5. CIA: Executive Director
6. SOA: Executive Director

Nothing in this agreement prevents a penalizing organization, when it receives a recommendation for discipline pursuant to this agreement, from undertaking whatever action it deems necessary, consistent with its own disciplinary procedures, for the limited purpose of determining whether a material breach of its own Code of Professional Conduct or Rules of Professional Conduct warranting discipline occurred.

10. The parties will each take any necessary steps to amend their rules and bylaws to implement this agreement.

This agreement took effect for all complaints, inquiries or incidents involving members; practice as between the United States and Canada that are under consideration by the parties on November 1, 2005.

American Academy of Actuaries (Academy)
American Society of Pension Professionals and Actuaries (ASPPA)

Canadian Institute of Actuaries (CIA)

Casualty Actuarial Society (CAS)

Conference of Consulting Actuaries (CCA)

Society of Actuaries (SOA)

Equal Opportunity Policy

ADOPTED BY THE EXECUTIVE COMMITTEE OF THE AMERICAN ACADEMY OF ACTUARIES
AUGUST 18, 1993

The American Academy of Actuaries ("the Academy") is an equal opportunity employer. It also offers services, membership benefits, and opportunities to its present and prospective members (referred to hereinafter collectively as "members") on a nondiscriminatory basis. It is the Academy's policy to refrain from unlawful discrimination against employees and members on the basis of race, color, national origin, ancestry, personal appearance, age, gender, pregnancy, marital status, sexual orientation, family responsibilities, religious affiliation, matriculation, political affiliation, physical, mental, or emotional disability, source of income, place of residence, or unfavorable discharge from military service, as those terms are defined by applicable state and federal law. These characteristics are referred to hereinafter as "protected characteristics."*

Further, it is the Academy's policy to provide its employees and members with a working environment that is free from unlawful discrimination based upon any of the protected characteristics described above. No Academy employee or member should be subjected to such discrimination while working for, or engaging in activities conducted by, the Academy.

It is also a violation of this policy for an Academy employee or member to seek to retaliate against any individual for complaining of a violation of the Academy's anti-discrimination policy.**

** The list of protected characteristics is compiled from applicable District of Columbia, Illinois, and federal laws.*

*** This statement is not intended to preclude the good-faith exercise of an individual's legal rights.*

Conflict of Interest Policy

The Academy has adopted the following mission statement to guide its activities on behalf of the actuarial profession and the public:

As the organization representing the entire United States actuarial profession, the American Academy of Actuaries serves the public and the actuarial profession both nationally and internationally through:

- a. Establishing, maintaining, and enforcing high professional standards of actuarial qualification, practice, and conduct;
- b. Assisting in the formulation of public policy by providing independent and objective information, analysis and education; and
- c. In cooperation with other organizations representing actuaries:
 - representing and advancing the actuarial profession; and
 - increasing the public's recognition of the actuarial profession's value.

These fundamental purposes of the Academy require it to maintain a high level of professional objectivity and independence from any specific interests of the employers of its members. Therefore, members who work on the Academy's behalf must carefully consider and address any situation that may arise with respect to the members' activity, or the activity of any member working with them, which may call into question their professional objectivity.

Members should comply with the Code of Professional Conduct whenever they provide services to the Academy. Members should familiarize themselves with Precept 7 of the Code, which provides specific guidance on dealing with conflicts of interest. Any actual or potential conflict, real or apparent, with this objective must be dealt with using the guidance provided in Precept 7, treating Academy work like "Actuarial Services" as defined in the Code of Professional Conduct. Disclosures required under Precept 7 should be made to the member supervising the activity in question.

Any question or concern about the possibility of a conflict of interest with respect to any work a member may perform on behalf of the Academy should be addressed to the member supervising the activity or to the Academy's general counsel.

Guidelines for Making Public Statements

(As Adopted by the Board of Directors
January 26, 2006)

I. What Constitutes an Academy Public Statement

For purposes of these Guidelines, an Academy "public statement" is a written or oral statement made on behalf of any Academy entity (i.e., board, committee, task force or work group) to any other entity. Statements of opinion representing the views of an individual member are not Academy public statements under these Guidelines. Examples of Academy public statements include:

- A. Statements to governmental entities such as regulatory comment letters, testimony, amicus curiae briefs, or formal comments submitted to legislative, executive, judiciary, regulatory, and investigative bodies at the federal, state and local levels;
- B. Statements to professional and other interest groups such as letters, oral presentations, or other submissions to non-governmental organizations (e.g., the American Bar Association, Financial Accounting Standards Board, the Government Accounting Standards Board, the International Accounting Standards Board, the National Association of Insurance Commissioners).
- C. Statements to the media such as articles, letters to the editor, press releases, interviews, and other expository submissions to newspapers, periodicals, television, radio and cable stations and other mass media.

II. The Scope of Academy Public Statements

Academy public statements should be consistent with the mission and purpose of

the Academy and grounded in actuarial science. However, the actuarial profession's expertise is broader than what normally would be considered "pure" actuarial science. Consequently, it is appropriate for the Academy to issue a public statement that goes beyond the narrow areas where the actuary's knowledge is unique if that statement will contribute to discourse on an issue that is of interest to the Academy, its members, and the public.

The scope, tone and nature of an Academy public statement should reflect the dignity and professionalism of the actuarial profession. Statements should contain a clear, concise, and balanced presentation of significant facts, including relevant benefits and costs. An Academy public statement need not, however, limit itself solely to statements of fact, but may also draw valid inferences from statements of fact, express opinions, and advocate consistent with the Academy's mission, vision, and purpose in order to provide the public with the benefit of the full range of the profession's capabilities.

III. Development and Delivery of Public Statements

Academy members and staff should generally follow these Guidelines in the development and delivery of Academy public statements, although these procedures may be modified from time to time to ensure the timeliness and effectiveness of certain statements. In particular, media communications are considered to be a special form of public communication because media deadlines frequently prevent the utilization of the review processes described in these Guidelines. When letters to the editor, radio or television interviews, or other media submissions are expected, the member who chairs the Academy entity that prepared the public statement or who is expected to act as the Academy's spokesperson should con-

tact the Academy's director of communications for special guidance.

A. Identification of Issues

In deciding whether to issue a public statement and what the content of the statement will be, Academy entities should comply with the Public Policy Decision Model Application Guide published in the Academy's Yearbook & Leadership Manual.

B. Authority to Proceed

Academy public statements should only be issued if authorized by one or more Academy officers (i.e., President, President-Elect, Vice President, Secretary-Treasurer, or Past President) with supervisory authority over the public statement. If an Academy committee, task force, or work group identifies a matter that may warrant a public statement, it may develop the public statement if authorized to do so by the relevant Academy supervisory officer and subject to applicable peer, legal, and policy review and approval procedures. If staff or supervisory officers identify a matter that may warrant an Academy public statement, they will assign it to an appropriate Academy entity (i.e., committee, task force, or work group) to develop. If a committee, task force, or work group identifies an issue that is significant for more than one practice area, staff and the interested supervisory officers will discuss the matter, consulting other Academy members if desired, determine which Academy entity will develop the statement, and then arrange for proper coordination among interested Academy entities through the use of joint task forces, committee liaisons, dual practice council reviews, or other appropriate means. Supervisory officers may, at their discretion, seek advice from their practice councils to resolve "jurisdictional" issues and achieve proper coordination.

C. Notice of Public Statement Preparation

Members will be notified of the preparation of public statements and, more generally, of issues and matters of concern to the Academy, on the Academy's website and through articles and announcements in *The Actuarial Update*, *Inside the Academy*, *Media Update*, and *Contingencies*. As appropriate, member input will be solicited. Reports summarizing Academy activities during the previous 12 months are published annually in the *Academy Record*.

D. Development of Public Statements

Academy committees, task forces, and work groups will prepare Academy public statements and supporting materials as follows:

1. An Academy public statement generally reflects the opinions of the Academy entity that prepared it, but it is always appropriate for the entity to involve other Academy members who are considered by the entity to have pertinent expertise. In some instances, the chairperson of the entity preparing the public statement may decide, with the approval of the supervisory officer, that it would be beneficial to involve non-Academy members, including non-actuaries.
2. When addressing issues that are expected to be controversial within the profession, the chairperson and supervisory officer should seek broader input from Academy members and leaders of the profession by, e.g., inviting member comments in Academy publications or on the website, discussing the issues with Academy leadership and the leadership of other actuarial organizations, solicitations and special sessions at actuarial meetings, special seminars on the issues, discussions with Academy committees, task forces or

work groups or, if time permits, circulation of exposure drafts. The supervisory officer will select the means used to obtain member input in appropriate consultation with the Academy president, the chairperson of the entity preparing the public statement and staff. Academy staff and the supervisory officer are initially responsible for determining whether an issue is expected to be controversial.

3. Staff is available to facilitate the preparation and distribution of Academy public statements, and members are strongly encouraged to work collaboratively with staff to produce statements under these guidelines that are consistent with the Academy's mission, purposes, and previous public statements.
4. Staff may also develop Academy public statements (e.g., amicus curiae briefs) from time to time. Such statements may be developed with the approval of the appropriate chairperson and supervisory officer and should be circulated to the members of an appropriate Academy committee, task force, or work group for comment prior to release, absent extraordinary time constraints.
5. The chairperson should seek a consensus of the group that prepares the public statement. If there is a substantial lack of consensus, the chairperson may elect to: incorporate the majority and minority perspectives into the statement; refer the issue to the supervisory officer; or not issue the public statement. In some cases, time constraints may prevent the entire committee, task force, or work group from participating in the completion of a particular statement, and the task of drafting the statement may be left to the chairperson or the chairperson's designee(s). In such cases, the drafters should seek maximum input from available committee, task force, or

work group members to the extent it is practical to do so.

6. A supervisory officer and staff may agree to release a statement before completion of peer review only under extraordinary circumstances. Otherwise, no Academy public statement should be released or presented without appropriate peer review. The appropriate level of peer review varies, depending upon the level of risk and exposure of the statement. Before release, statements must be approved by the supervisory officer or designee thereof and Academy public policy and legal staff. Peer review usually should include the committee, task force, or work group chair and two senior reviewers in addition to the supervisory officer (or designee) and staff. The senior review persons, to be selected by the chairperson with approval of the supervisory officer, should be knowledgeable and experienced in the subject at hand and should be intended to reflect broadly held views of the profession.
7. The decision to issue a final public statement generally rests with the supervisory officer, who may delegate this responsibility to the committee, task force, or work group chairperson or other designee. For issues of major importance or those deemed controversial, the executive director and president also should be consulted before the statement is released to its intended audience.
8. When deemed appropriate by the supervisory officer, a recommendation should be made to the president that a proposed statement be submitted to the Board of Directors for review before issuance. The Board may modify or disapprove a public statement if it believes such action is in the best interests of the Academy.

E. Presentation of Public Statements

The committee or group issuing an Academy public statement must be identified as responsible for the statement. The group will ordinarily be a practice council committee, task force, or work group, or the Board of Directors. Except when the forum requires it, for example, in court proceedings or international settings (see below), blanket sponsorship by the entire Academy may not be stated or implied. When the audience is familiar with the Academy and its committee structure, a statement such as the following will usually be sufficient: "This statement was prepared by the American Academy of Actuaries' [XYZ Committee]." In instances when further explanation is appropriate, the committee, task force, or work group should consider including additional language such as the following: "The [committee] is made up of representatives from the entire range of [name of actuarial practice area]. The committee includes actuaries who work as consultants, are employed by insurance companies, are actuaries for government [specify type of government programs, if appropriate] and the National Association of Insurance Commissioners, and are employed by nonprofit [specify type, if appropriate] organizations. The expertise of other senior [practice area] actuaries knowledgeable on [issue] was drawn upon to prepare this statement."

As a general rule, Academy public statements are not attributed to the individual members of the group that developed them. In some cases, however, identifying members of the group may add to the credibility of the statement or serve some other purpose such as meeting the requirements of the intended audience. The decision to identify individual authors should be made in consultation with the supervisory officer and Academy staff. Unless there is good reason not to do so, non-actuaries who participated in the formulation of the statement should be identified and their non-Academy-mem-

ber status and role identified in footnotes or otherwise. Any statement that involves issues of significance to multiple practice areas should clearly identify the practice area to which the statement is intended to apply. All public statements should be dated and submitted in written form, with an oral presentation as appropriate. Statements should be submitted on Academy letterhead.

If an oral presentation concerning an Academy public statement is to be made, the chairperson of the group that developed the statement and supervisory officer will select the person or persons to make the presentation. When an individual makes an oral presentation of an Academy public statement, for example, when testifying concerning the content of the statement before Congress, the individual should state that he or she has been designated as the representative of the Academy committee, task force, or work group that prepared the public statement, and that the views expressed by the individual represent the consensus views of the Academy group that prepared the public statement. No individual making an oral presentation of an Academy public statement should express the views of his or her client or employer when making the presentation. The individual should state that he or she is not speaking on behalf of the individual's client or employer. If, through questioning or other means, the individual is required to express a personal opinion concerning the subject of the public statement, the individual should identify the opinion expressed as his or her own and not the opinion of the Academy group that developed the public statement.

Even when statements are responses to technical methodological inquiries, the general issue being addressed should be clearly specified in an initial sentence or two. Except when the Academy is well known to the audience, a formal statement about the Academy (sample below) should be included in the public statement.

It is generally appropriate for a member

who participates in a media interview or other media contact to note that the views expressed by that member are not necessarily those of the Academy.

F. Distribution of Statements

After an Academy public statement has been completed and, if applicable, formally submitted, the statement will be available for broader distribution. The statement will be posted on the Academy's website, and members can request a copy of the statement by writing or calling the Academy's Washington office.

IV. Sample Description of the Academy

The American Academy of Actuaries is a national organization formed in 1965 to bring together, in a single entity, actuaries of all specializations within the United States. A major purpose of the Academy is to act as a public information organization for the profession. Academy committees, task forces and work groups regularly prepare testimony and provide information to Congress and senior federal policy-makers, comment on proposed federal and state regulations, and work closely with the National Association of Insurance Commissioners and state officials on issues related to insurance, pensions, and other forms of risk financing. The Academy establishes qualification standards for the actuarial profession in the United States and supports two independent boards. The Actuarial Standards Board promulgates standards of practice for the profession, and the Actuarial Board for Counseling and Discipline helps to ensure high standards of professional conduct are met. The Academy also supports the Joint Committee for the Code of Professional Conduct, which develops standards of conduct for the U.S. actuarial profession.

V. International Public Statements

From time to time, the Academy may wish to make public statements in the international context, or to join in public statements made by the International Actuarial Association (IAA) or other international actuarial organization. Statements by the Academy may be developed by the appropriate Academy committee, task force, or work group in accordance with the preceding sections of these guidelines, except that such statements will generally be issued on behalf of the Academy as a whole, and should be reviewed by the president or the president's designee before their release. Final approval to issue or join in an international public statement is generally granted by the president with advice of the vice president(s) for the relevant practice area(s). When deemed appropriate by the president, the proposed statement will be submitted to the Board of Directors, which may modify or disapprove the statement or, in the case of IAA public statements, recommend modifications as appropriate.

The Task Force on IAA Oversight should be notified and included in the review of a proposed IAA public statement before the Academy decides to join in or object to the public statement. The Task Force on IAA Coordination should be notified whenever the Academy decides to join in or object to a public statement issued by the IAA.

Guidelines for the Development of Practice Notes

The purpose of practice notes is to provide information to actuaries on current actuarial practices in areas that are intended to supplement the available actuarial literature, especially where the areas of practice addressed are subject to emerging technology or recently adopted external requirements. Practice notes are not interpretations of standards, nor do they convey generally accepted actuarial practices in the same sense that standards of practice do. Actuaries are not in any way bound to follow practice notes. Notes concerning general questions relating to professionalism may also be issued.

Practice Notes are written by groups of actuaries having practical experience and expertise in a particular area of practice. There may be informal exposure of draft practice notes by the originating group to meetings of other interested actuaries, but there is no formal process for recording or responding to any comments that might be generated. The practice notes developed are reviewed and edited by Academy staff and, if approved by the appropriate practice council chairperson, are published and distributed by the Academy. In contrast, actuarial standards of practice and compliance guidelines are promulgated by the Actuarial Standards Board, which adheres to procedures that are intended to provide due process and exposure to professional review.

The following guidelines are intended to assist Academy officers, committees, and staff in developing and maintaining the timeliness and effectiveness of practice notes. These guidelines are designed to pro-

mote consistency of quality and style and to ensure that the practices identified are in conformity with the standards of practice and existing regulatory requirements. Nothing in these guidelines is intended to inhibit other actuarial organizations from publishing materials that provide information on current actuarial practices to assist practicing actuaries.

1. **Practice Council Oversight.** Practice notes are primarily the responsibility of the practice councils of the Academy, with support from Academy staff, officers, and committees; committees or task forces of other actuarial organizations; and individual actuaries.
2. **Initiation of Request.** While the practice councils are charged with monitoring the need for new Practice notes and the revision of existing practice notes, any actuary or entity may request that the development or revision of practice notes be considered for a specific area of practice. Such requests may be directed to the appropriate practice council for evaluation of need, approval, and implementation.
3. **Authority to Proceed.** If a practice council determines that a new or revised practice note is needed in a particular area of practice, the practice council chairperson ("PC chair") will request that an appropriate committee or task force within the profession develop the practice note.
4. **Development Procedures.** Practice notes will generally be developed by a committee or task force and will be identified as a product of that group. It may be appropriate, however, to involve other actuaries believed by the committee or task force to have pertinent expertise or experience. From time to time it may also be appropriate to solicit the input of non-actuaries. When and how such additional input is solicited is at the discretion of the committee Chairperson with

concurrence of the PC chair. Practice notes should describe the known range of practices in use to the fullest extent possible.

5. Required Disclosures. Each Practice note should begin with a paragraph stating that the practice note is not a promulgation of the Actuarial Standards Board or of any other authoritative body of the American Academy of Actuaries, identifying the group that developed the practice note, and explaining that information contained in the practice note is not binding on any actuary and is not a definitive statement as to what constitutes generally accepted practice in the area under discussion. Blanket sponsorship by the Academy should not be stated or implied.
6. Consensus. The chairperson should seek a general consensus of the committee members. If there is substantial lack of consensus, the chairperson may elect not to issue a practice note, to refer the issue to the PC chair, or to incorporate the alternate perspectives into the practice note.
7. Review Procedures. No practice note should be released without appropriate peer review. At a minimum, practice notes should be reviewed by the committee or task force chairperson, the PC Chairperson and/or his or her designee(s), and Academy staff. All practice notes must receive legal and editorial review by the Academy staff to assure legality and consistency with previous notes and standards of practice.
8. Final Approval. The ultimate decision to issue a practice note rests with the PC chair. For issues of major significance, the PC Chairperson may consult with the Academy executive director, as well as the president, prior to the release of the note.
9. Production and Distribution. Production and distribution of final practice notes will be handled by the Academy staff.

Distribution may vary depending on the audience for the notes.

10. Annual Review. The PC Chairperson will initiate a review of the current practice notes annually for relevance, purpose, and completeness.

Academy History

"From the halls of Congress and state capitols to regulatory and professional bodies such as the NAIC, FASB, and the IAA, the Academy represents the interests of all U.S. actuaries. As a member of the Academy, you are demonstrating a personal commitment to responsible actuarial practice, professionalism, and sound public policy."

— Dan McCarthy, Academy past president

For many years, the actuarial profession in North America consisted of four organizations: the Casualty Actuarial Society (CAS), the Conference of Actuaries in Public Practice, the Fraternal Actuarial Association, and the Society of Actuaries (SOA). In 1964, these organizations recognized the need for a single inclusive body that would represent qualified American actuaries of all specialties. They approved the creation of a new organization.

The American Academy of Actuaries was born Oct. 25, 1965, as an unincorporated association serving the actuarial profession in the United States. In 1966, it became a corporation under the Illinois General Not For Profit Corporation Act. The Academy's first president was Henry F. Rood — the actuary who had first formally proposed the creation of such an organization in 1958, when he was SOA president. Initially, the Academy shared administrative facilities with the SOA in Chicago; then, in January 1976, the Academy moved to its headquarters to the nation's capital, where it remains today.

The mission statement, updated in 1998, articulates the main purposes of the Academy's work:

As the organization representing the entire United States actuarial profession, the American Academy of Actuaries serves the public and the actuarial profession both nationally and internationally through:

a. Establishing, maintaining, and enforcing high professional standards of actuarial qualification, practice, and conduct,

- b. Assisting in the formulation of public policy by providing independent and objective information, analysis, and education, and
- c. Cooperating with other organizations representing actuaries, representing and advancing the actuarial profession, and increasing the public's recognition of the actuarial profession's value.

The Academy serves as the voice of American actuaries on public policy and professionalism issues, representing the U.S. actuarial profession at the state, federal, and international levels. It provides independent, objective actuarial expertise on public policy issues to legislators, regulators, policy-makers, and others, and it develops and maintains professional standards.

The Academy started out with 1,427 charter members, automatically offering membership to all U.S. residents who were fellows (or the equivalent) of the four existing American actuarial organizations. Today, the Academy has about 15,000 members — most of the actuaries in North America. They include consultants, corporate executives, regulators, university professors, government officials, and retirees. Their areas of practice range from pensions and financial reporting to casualty, life, and health insurance.

Leadership

The Academy's work is governed by three primary groups: the Board of Directors, the Executive Committee (the president, president-elect, immediate past president, secretary-treasurer, and the six vice presidents), and the President's Advisory Committee (the current president, immediate past president, and president-elect).

The vice presidents head the Academy's six councils for public policy and professionalism issues. Each council has broad authority to set its own agenda, and specific initiatives are carried out by Academy committees that report to it.

One multidisciplinary council and four practice councils focus on public policy. In 1990, the Board of Directors established four councils to represent the major areas of actuarial practice—casualty, health, life, and pensions—in public policy activities. The Risk Management and Financial Reporting Council (originally the Financial Reporting Council) was added in 1996. On the professionalism side, the Council on Professionalism was created in 1992; it oversees the Academy's efforts in setting and maintaining professional standards and in advancing professionalism through educational offerings, publications, and other activities.

Legal Recognition

Academy membership is the hallmark of a qualified actuary in the United States.

In December 1966, the National Association of Insurance Commissioners (NAIC) adopted a resolution supporting recognized standards of actuarial competence and conduct and urging commissioners to support the Academy's efforts to gain official recognition. Today, every state has regulations that recognize Academy membership as a qualification for signing insurance company annual statements. Some states also have corresponding recognition for public employee retirement systems.

Indiana was the first state to act; in a 1968 law, it provided for actuarial certification by a state board. In other states, the general pattern has been to issue administrative orders or regulations. In 1975, the responsibility expected of actuaries was spelled out by a new requirement that an actuary who signed a life insurance company annual statement must express an opinion on the actuarial elements, including an opinion on the adequacy of reserves. The Academy responded with recommendations to the profession on how that responsibility should be met (as it did again in 1983 when a comparable actuarial opinion began to be required for health service corporation and

HMO annual statements). In 1980, a similar requirement was added to the property and liability insurance company annual statement; this requirement, however, was at the discretion of the domiciliary insurance commissioner. Again, the Academy responded with appropriate recommendations to the profession.

In 1990, at the Academy's urging, the NAIC eliminated the discretion of individual states. As a result, virtually all annual statements from property/casualty companies in the United States must be accompanied by a loss reserve opinion from a "qualified actuary," which is defined as either an Academy member approved by the Casualty Practice Council, a member of the Casualty Actuarial Society, or an individual approved by the domiciliary commissioner. (In the pension field, the 1974 ERISA legislation established extensive and specific standards for actuarial reports, for disclosure and fiduciary relationships, and for the qualifications of actuaries in pension work.)

In 2005, Academy membership also became a legal requirement for actuaries who file actuarial equivalence attestations on behalf of retiree health plans seeking a Medicare Part D subsidy.

Membership Requirements

Initially, the Academy required applicants who were ineligible for charter membership to demonstrate appropriate knowledge and skills before they were admitted as members. Many were admitted by this route, some after passing special proctored exams. A requirement was imposed of seven years of responsible actuarial experience (five years for fellows by examination of the existing bodies).

From 1970 until 1976, the educational requirements gradually increased. In January 1976, a bylaw amendment created a new nonvoting class of membership, the designated affiliate, for enrolled actuaries. In 1979, the bylaws were changed to elimi-

nate the distinction between affiliates and members and to set the experience requirement at three years of responsible work.

Subsequently, the Academy board set the basic educational requirement as follows: associate level in the Casualty Actuarial Society or Society of Actuaries; or qualified member or fellow level in the American Society of Pension Professionals and Actuaries; or member level in the Conference of Consulting Actuaries; or status as an enrolled actuary under ERISA; or fellow level in the Institute of Actuaries, the Faculty of Actuaries, or the Institute of Actuaries of Australia; or member level in the Colegio Nacional de Actuarios.

U.S. residents and nonresidents alike can be admitted if they meet the Academy's educational and experience standards, can demonstrate familiarity with U.S. actuarial practices and, in the case of nonresidents, have a need to perform actuarial duties in the United States.

Code of Conduct

The Code of Professional Conduct includes precepts and annotations that require a high standard of ethics and responsible performance expected of professionals. The precepts require actuaries to abide by standards of practice, as promulgated by the Actuarial Standards Board, and to abide by qualification standards adopted by the Academy.

As a predecessor of the code, the Guides to Professional Conduct were first issued in 1965, and they were revised over time. Together, the guides and the interpretative opinions that supplemented them formed a core of ethical guidance for members in all phases of their professional lives. In September 1991, the Board of Directors approved a new set of ethical precepts, one recommended by the Council of Presidents Task Force on the Code of Professional Conduct. These precepts were intended to be a common code of ethical tenets for all or-

ganizations representing actuaries in North America.

The Academy was the first to adopt the Code of Professional Conduct, which took effect Jan. 1, 1992; its most recent amended version took effect Jan. 1, 2001. The code has been adopted in substantially similar form by every professional society representing actuaries in the United States and Canada.

Standards of Practice

The Academy began issuing standards of practice — initially called recommendations — in 1973. They were supplemented by interpretations. A major advance in the development and management of standards of practice came in 1985 with the creation of the Interim Actuarial Standards Board. It was the prototype for the permanent Actuarial Standards Board (ASB), which was created in July 1988 after a bylaw amendment vote.

Like the Actuarial Board for Counseling and Discipline, the ASB is a separate entity supported by Academy staff. It has sole responsibility to initiate, develop, and adopt new actuarial standards of practice (ASOPs). ASOPs include statements on the techniques, applications, procedures, and methods that have been generally accepted by the profession. The Code of Professional Conduct requires actuaries to be knowledgeable about and to abide by these standards.

Counseling and Discipline

From the start, the Academy recognized the need for a disciplinary procedure to enforce standards of conduct and provide an avenue to express grievances regarding the professional activities of Academy members. For many years, the Committee on Discipline was responsible for handling complaints, investigating charges, and proposing disciplinary measures. Because duplications of effort by disciplinary committees of the various actuarial organizations frustrated effective discipline, and because a common Code of Professional Conduct was being ad-

opted, Academy members voted in 1991 to create the Actuarial Board for Counseling and Discipline (ABCD).

The ABCD serves the profession and the public by investigating complaints against individual actuaries, by providing confidential guidance to actuaries requesting it, and, to a limited extent, by mediating professional disputes.

As a separate entity supported by the Academy staff, the ABCD investigates apparent violations of the Code of Conduct by members of any organization that represents actuaries and that has delegated investigative authority to the ABCD. (The Academy and other organizations have delegated such authority.) For activities that in the ABCD's opinion do not merit public discipline, or in response to actuaries' requests for guidance, actuaries are counseled privately and are provided guidance in complying with the requirements of the code, qualification standards, and standards of practice.

Public Policy

As the public policy arm of the American actuarial profession, the Academy provides independent, objective analysis to policy-makers and regulators. Academy members use their actuarial expertise to contribute to the public debate on major issues, ranging from Social Security solvency to terrorism insurance, and important regulatory efforts, such as principle-based reserving requirements.

For many years, Academy groups have worked extensively with the National Association of Insurance Commissioners on state insurance issues; a recent milestone was the NAIC's adoption in 2005 of Academy recommendations on risk-based capital for variable annuities (the C3 Phase II project). Even as close work with the NAIC continued, the Academy broadened its efforts in recent years, working on state insurance issues with, for example, the National Conference of Insurance Legislators, the Federal Accounting Standards Board, the Govern-

mental Accounting Standards Board, the American Institute of Certified Public Accountants, and AARP.

To provide an actuarial perspective on key federal issues, the Academy sponsors Capitol Hill briefings, testifies at congressional and executive branch hearings, publishes comments and analysis, makes annual Capitol Hill visits, and provides informal assistance to policy-makers, regulators, and others. These efforts reflect a heightened emphasis on the public policy debate at the national level. At the same time, global issues have also moved to the foreground in recent years, and international Academy activities have significantly expanded as a result. The Academy's public policy efforts are supported by the Casualty Practice Council, Health Practice Council, Life Practice Council, Pension Practice Council, and the Risk Management and Financial Reporting Council. The Academy's senior health fellow and senior pension fellow play a major role in representing the Academy on public policy issues, as do other Academy members.

Joint Activities

The North American actuarial organizations cooperate in many ways, largely through joint sponsorship of actuarial examinations and the work of joint committees. Also, the Academy's Board of Directors includes the presidents and presidents-elect of all national U.S. actuarial organizations, ensuring that the board represents actuaries in all types of practice.

In 1972, the Academy was instrumental in creating an informal body, the Council of Presidents, to foster even greater understanding and common purpose. The council was renamed in 2004 and is now the North American Actuarial Council.

Past Officers

1965–66

President	Henry Rood
President-Elect	Thomas Murrin
Secretary	George Bryce
Treasurer	Robert Bruce
Vice Presidents	Frank Gadiant, Laurence Longley-Cook John Miller H. Raymond Strong

1966–67

President	Thomas Murrin
President-Elect	John Miller
Secretary	Norton Masterson
Treasurer	Robert Bruce
Vice Presidents	Frank Gadiant Laurence Longley-Cook H. Raymond Strong Andrew Webster

1967–68

President	John Miller
President-Elect	Wendell Milliman
Secretary	Norton Masterson
Treasurer	Robert Bruce
Vice Presidents	Edward Brown Jr. Frank Gadiant William Leslie Jr. Allen Mayerson

1968–69

President	Wendell Milliman
President-Elect	Walter Rugland
Secretary	Norton Masterson
Treasurer	Robert Bruce
Vice Presidents	Edward Brown Jr. William Leslie Jr. Paul Rotter Harold Schloss

1969–70

President	Walter Rugland
President-Elect	H. Raymond Strong
Secretary	Norton Masterson
Treasurer	Robert Bruce
Vice Presidents	Donald Campbell Robert Myers Paul Rotter Harold Schloss

1970–71

President	H. Raymond Strong
President-Elect	Robert Myers
Secretary	William Halvorson
Treasurer	Robert Bruce
Vice Presidents	Donald Campbell Harold Curry John Dyer Morton Miller

1971–72

President	Robert Myers
President-Elect	Morton Miller
Secretary	William Halvorson
Treasurer	Dale Gustafson
Vice Presidents	Robert Bruce Harold Curry Ernest Moorhead Julius Vogel

1972–73

President	Morton Miller
President-Elect	Ernest Moorhead
Secretary	William Halvorson
Treasurer	Dale Gustafson
Vice Presidents	Robert Bruce Reuben Jacobson Daniel McNamara Julius Vogel

1973–74

President	Ernest Moorhead
President-Elect	Daniel McNamara
Secretary	Walter Rugland
Treasurer	Dale Gustafson
Vice Presidents	Thomas Bowles Jr. Reuben Jacobson Richard Johe William Halvorson

1974–75

President	Daniel McNamara
President-Elect	Thomas Bowles Jr.
Secretary	Walter Rugland
Treasurer	Dale Gustafson
Vice Presidents	Edwin Boynton Richard Johe Kenneth Ross Robert Winters

1975–76

President	Thomas Bowles Jr.
President-Elect	Robert Winters
Secretary	Walter Rugland
Treasurer	James Webb
Vice Presidents	Edwin Boynton Dale Gustafson M. Stanley Hughey Kenneth Ross

1976–77

President	Robert Winters
President-Elect	Edwin Boynton
Secretary	Ralph Edwards
Treasurer	James Webb
Vice Presidents	Ronald Bornhuetter Louis Garfin Dale Gustafson M. Stanley Hughey

1977–78

President	Edwin Boynton
President-Elect	Dale Gustafson
Secretary	Dwight Bartlett III
Treasurer	James Webb
Vice Presidents	Preston Bassett Ronald Bornhuetter Louis Garfin Charles Hewitt Jr.

1978–79

President	Dale Gustafson
President-Elect	Ronald Bornhuetter
Secretary	Dwight Bartlett III
Treasurer	Kevin Ryan
Vice Presidents	Preston Bassett Herbert DePrenger Walter Grace Charles Hewitt Jr.

1979–80

President	Ronald Bornhuetter
President-Elect	Walter Grace
Secretary	Charles Barry Watson
Treasurer	Kevin Ryan
Vice Presidents	Mary Adams Herbert DePrenger Richard Robertson P. Adger Williams

1980–81

President	Walter Grace
President-Elect	William Halvorson
Secretary	Charles Barry Watson
Treasurer	Kevin Ryan
Vice Presidents	A. Norman Crowder III Bartley Munson Richard Robertson P. Adger Williams

1981–82

President	William Halvorson
President-Elect	P. Adger Williams
Secretary	Carl Ohman
Treasurer	W. James MacGinnitie
Vice Presidents	David Carpenter A. Norman Crowder III William Ferguson Bartley Munson

1982–83

President	P. Adger Williams
President-Elect	A. Norman Crowder III
Secretary	Carl Ohman
Treasurer	W. James MacGinnitie
Vice Presidents	David Carpenter William Ferguson John Fibiger Walter Rugland

1983–84

President	A. Norman Crowder III
President-Elect	M. Stanley Hughey
Secretary	Carl Ohman
Treasurer	Burton Jay
Vice Presidents	John Fibiger David Hartman David Reade Walter Rugland

1984–85

President	M. Stanley Hughey
President-Elect	Bartley Munson
Secretary	Robert Dobson
Treasurer	Burton Jay
Vice Presidents	Harold Brownlee David Hartman Carl Ohman David Reade

1985–86

President	Bartley Munson
President-Elect	Preston Bassett
Secretary	Robert Dobson
Treasurer	Burton Jay
Vice Presidents	Harold Brownlee Edward Friend W. James MacGinnitie Carl Ohman

1986–87

President	Preston Bassett
President-Elect	John Fibiger
Secretary	Robert Dobson
Treasurer	Daniel McCarthy
Vice Presidents	Edward Friend Burton Jay W. James MacGinnitie Mavis Walters

1987–88

President	John Fibiger
President-Elect	W. James MacGinnitie
Secretary	Virgil Wagner
Treasurer	Daniel McCarthy
Vice Presidents	Phillip Ben-Zvi Burton Jay Joseph Stahl II Mavis Walters

1988–89

President	W. James MacGinnitie
President-Elect	Harold Brownlee
Secretary	Virgil Wagner
Treasurer	Daniel McCarthy
Vice Presidents	Phillip Ben-Zvi Harper Garrett Jr. John Harding Joseph Stahl II

1989–90

President	Harold Brownlee
President-Elect	Mavis Walters
Secretary	Virgil Wagner
Treasurer	Thomas Levy
Vice Presidents	Harry Garber Harper Garrett Jr. John Harding Daniel McCarthy

1990–91

President	Mavis Walters
President-Elect	Harry Garber
Secretary	Richard Snader
Treasurer	Thomas Levy
Vice Presidents	Robert Dobson Charles Farr Daniel McCarthy Michael Walters

1991–92

President	Harry Garber
President-Elect	John Harding
Secretary-Treasurer	Thomas Levy
Vice Presidents	Robert Dobson R. Stephen Radcliffe Richard Snader Michael Walters Larry Zimpleman

1992–93

President	John Harding
President-Elect	David Hartman
Secretary-Treasurer	James Swenson
Vice Presidents	Howard Bolnick Stephen Lowe Walter Miller Richard Snader Larry Zimpleman

1993–94

President	David Hartman
President-Elect	Charles Bryan
Secretary-Treasurer	James Swenson
Vice Presidents	Howard Bolnick Howard Fluhr Paul Kolkman Stephen Lowe Jack Turnquist

1994–95

President	Charles Bryan
President-Elect	Jack Turnquist
Secretary-Treasurer	James Swenson
Vice Presidents	John Bertko Howard Fluhr David Flynn Paul Kolkman Charles Barry Watson

1995–96

President	Jack Turnquist
President-Elect	Larry Zimpleman
Secretary-Treasurer	Stephen Kern
Vice Presidents	Vince Amoroso John Bertko Arnold Dicke David Flynn Charles Barry Watson

1996–97

President	Larry Zimpleman
President-Elect	Allan Kaufman
Secretary-Treasurer	Stephen Kern
Vice Presidents	Vince Amoroso William Bluhm Arnold Dicke Ken Hartwell Barbara Snyder Michael Toothman

1997–98

President	Allan Kaufman
President-Elect	Richard Robertson
Secretary-Treasurer	Stephen Kern
Vice Presidents	William Bluhm Ken Hartwell Lawrence Johansen Kenneth Steiner Michael Toothman Robert Wilcox

1998–99

President	Richard Robertson
President-Elect	Stephen Kern
Secretary-Treasurer	James Reiskytl
Vice Presidents	Robert Anker Lawrence Johansen Daniel McCarthy James Murphy Kenneth A. Steiner Robert E. Wilcox

1999–2000

President	Stephen Kern
President-Elect	Lawrence Johansen
Secretary-Treasurer	James Reiskytl
Vice Presidents	Robert Anker Barbara Lautzenheiser Daniel McCarthy James Murphy Donna Novak James Turpin

2000–2001

President	Lawrence Johansen
President-Elect	Daniel McCarthy
Secretary-Treasurer	James Reiskytl
Vice Presidents	Henry Knowlton Barbara Lautzenheiser Steven Lehmann Donna Novak Geoffrey Sandler James Turpin

2001–2002

President	Daniel McCarthy
President-Elect	Robert Anker
Secretary-Treasurer	Peter Perkins
Vice Presidents	Steven Lehmann John Parks Stephen Preston Robert Rietz Geoffrey Sandler Patricia Teufel

2002–2003

President	Robert Anker
President-Elect	Barbara Lautzenheiser
Secretary-Treasurer	Peter Perkins
Vice Presidents	Janet Carstens Jan Lommele John Parks Stephen Preston Robert Rietz Patricia Teufel

2003–2004

President	Barbara Lautzenheiser
President-Elect	Robert Wilcox
Secretary-Treasurer	Peter Perkins
Vice Presidents	Janet Carstens Donna Claire Burton Jay Kenneth Kent Jan Lommele Robert Rietz

2004–2005

President	Robert Wilcox
President-Elect	Peter Perkins
Secretary-Treasurer	John Parks
Vice Presidents	Michael Abroe Donna Claire Burton Jay Kenneth Kent Mary D. Miller Geoffrey Sandler

Jarvis Farley Service Award

In 1991, the Academy established a perpetual award to honor the memory of one of its long-time, indefatigable volunteers. Jarvis Farley was a charter member of the Academy and an invaluable resource for the Academy staff and the entire actuarial profession. His untiring volunteer work

for the Academy epitomized the caliber of service to be honored by this award. He began serving on Academy committees in 1972 and continued until his death in 1991.

Each honoree receives an engraved pewter Paul Revere bowl. A larger, permanent bowl, engraved with the name of each recipient, is displayed at the Academy office in Washington. While honoring individual recipients, the award also calls attention to the significant benefits the actuarial profession receives from members' service in the Academy.

Recipients of the Jarvis Farley Service Award are selected by the Academy's Executive Committee based on nominations from the Academy's membership and committees. Eligible candidates are members of the Academy who have:

- demonstrated their commitment to professionalism,
- made an extraordinary contribution to



2005 Jarvis Farley Award winner Donna Claire accepts her award from 2004-2005 Academy President Robert Wilcox.

the actuarial profession through long-time service as Academy volunteers, • been an inspiration to practicing actuaries, and • commanded respect within and without the profession.

All members of the Academy are eligible to receive the award,

except former presidents' past service to the profession is the only service to be considered during the selection process.

Jarvis Farley Service Award Recipients

- 1992 Mary Hardiman Adams
- 1993 Jerome A. Scheibl
- 1994 Douglas C. Borton
- 1995 Harry L. Sutton Jr.
- 1996 Charles Barry H. Watson
- 1997 James C. Hickman
- 1998 Edward E. Burrows
- 1999 Henry K. Knowlton
- 2000 Daphne D. Bartlett
- 2001 Jack M. Turnquist
- 2002 Burton D. Jay
- 2003 Walter S. Rugland
- 2004 W. H. Odell
- 2005 Donna Claire

Robert J. Myers Public Service Award

In 1994, the Academy, through its Committee on Actuarial Public Service, established the Robert J. Myers Public Service Award to recognize the extraordinary public service of Robert J. Myers, who was chief actuary for the Social Security Administration from 1947 to 1970. The

exceptional career of Myers was recognized with the public announcement of the award at the Academy's annual meeting in Washington, D.C. on September 28, 1994. Myers was instrumental in the design and funding of the Social Security system and worked for the Social Security Administration for some thirty-five years. Although political pressure often conflicted with his professional responsibilities, Myers never veered from a path of professional integrity. He continues to command respect within and outside the profession, and he remains an inspiration to all practicing actuaries.

A specially designed medal was presented to Myers at the award's inauguration. The permanent medal is mounted on a custom-designed pedestal and displayed at the Academy office in Washington. Recipients receive engraved medals, and their names are engraved on the base of the permanent display at the Academy. While honoring individual recipients, the award also calls attention to the significant benefits the general public receives from the actuarial profession.

Recipients of the Robert J. Myers Public Service Award are selected by the Academy's Executive Committee based on nominations from the Academy's membership and com-



Treasury Secretary John Snow congratulates 2005 Robert J. Myers Award winner Paulette Tino as Academy Executive Director Kevin Cronin looks on.

mittees, in particular the Committee on Actuarial Public Service. Eligible candidates are members of the Academy who have:

- demonstrated their commitment to professionalism,
- made an extraordinary contribution to the public good through service to the government or other organizations in the public sphere, even when conflicted by political pressure,
- been an inspiration to practicing actuaries, and
- commanded respect within and without the profession.

All members of the Academy are eligible to receive the award, except former presidents' past service to the public is the only service to be considered during the selection process.

Robert J. Myers Public Service Award Recipients

- 1995 John O. Montgomery
- 1996 Roland E. (Guy) King
- 1997 James B. Gardiner
- 1998 Dwight K. Bartlett III
- 1999 Robert A. Bailey
- 2000 Harry C. Ballantyne
- 2001 Robert J. Callahan
- 2002 Ted Becker
- 2003 Larry M. Gorski
- 2004 A. Haeworth Robertson
- 2005 Paulette Tino

Resources, Services, and Benefits

The Academy provides an array of information resources, services, and educational opportunities as a service to its members, the actuarial profession, and, in some cases, the public. The Academy's communications program provides access to virtually all of its materials in an electronic format through the Academy's website (www.actuary.org). Most of the benefits are included as part of a member's dues, although a few require that additional fees be paid.

Member Publications and Electronic Media

Periodicals

Actuarial Update is the Academy's monthly membership newsletter. It focuses on the Academy's activities in public policy and professionalism. Members are encouraged to submit articles on committee activities, emerging public policy or professionalism issues, or general topics of particular interest to actuaries.

Enrolled Actuaries Report (EAR) is the Academy's quarterly newsletter that covers issues that are important to enrolled actuaries. It is published in March, June, September, and December and is mailed only to enrolled actuaries.

Contact: Linda Mallon, managing editor of member publications, (202) 785-7876, mallon@actuary.org.

Inside the Academy is a monthly electronic newsletter for Academy members. It helps keep members informed of current Academy activities and online resources and it includes hyperlinks to such publications

as the *Actuarial Update*, *Contingencies*, *EAR*, issue briefs, and monographs.

Contact: Anne Asplen, managing editor of Internet and new media, (202) 785-7864, asplesn@actuary.org.

Contingencies Magazine

Contingencies magazine is the flagship publication of the actuarial profession, providing a large and diverse readership with general interest and technical articles on a wide range of issues related to the actuarial profession. Published bi-monthly, *Contingencies* is mailed to members of the Academy, the Canadian Institute of Actuaries, and select individuals (such as legislators and their staffs, regulators, business executives, and related organizations), for a total circulation of 27,000. The magazine contains regularly scheduled special sections and inserts on actuarial careers, software, consulting, and reinsurance.

It is the only Academy publication that accepts advertising, generating more than \$500,000 in non-dues revenues annually. Contact: Steve Sullivan, senior editor, (202) 223-8196, sullivan@actuary.org.

Academy Websites

The Academy manages a number of websites that serve as primary sources of information for members and the public. All material that is published by the Academy is always available on the Academy's websites.

Academy website: www.actuary.org The Academy website is the primary electronic repository of all of the Academy's public policy and professionalism information. In addition, there are complete listings of volunteers serving on the board of directors, councils, committees, task forces, and work groups.

Each Academy member has a personal secure web page on the website, providing a portal to a range of services, including dues payment, meeting registrations, and sub-

scription purchases. In 2006 the Academy will be expanding the members only content on the website, offering new information resources and services.

Contingencies website: www.contingencies.org. The website for *Contingencies* magazine includes an archive of previous issues, extra material, and the Academy's free actuarial job bank.

CRUSAP website: www.crusap.net. The Critical Review of the U.S. Actuarial Profession Task Force is conducting a critical analysis of the challenges and opportunities facing the U.S. actuarial profession, using enterprise risk management and management consulting techniques. The CRUSAP website contains regular updates on this profession-wide effort.

Contact: Anne Asplen, managing editor of Internet and new media, (202) 785-7864, asplesn@actuary.org.

Annual Publications

The *Yearbook* is the Academy's annual handbook for members. It provides information on the Academy's purpose, organization, governance, and policies, among other topics.

The *Yearbook* and *Leadership Manual* is the Academy's annual handbook for volunteers. It augments *Yearbook* material with information on such topics as Academy management, legal considerations, and communications procedures.

The Record is an annual report to Academy members that provides an overview of Academy accomplishments and activities.

Public Policy Publications

Providing legislative and regulatory bodies with independent, non-partisan, public policy analysis and advice from an actuarial perspective is a core mission for the Academy. Public policy documents raise important actuarial issues and are written to be understood by legislators, policy-makers, regulators, the news media, and the public.

Distribution of the print editions of these documents is generally confined to specific target audiences related to the topic. Members can request printed copies of these documents, and all are available in an electronic format on the Academy's website (www.actuary.org).

Monograph — Reserved for a major analysis of key public policy issues, a monograph is written under the auspices of an Academy council and receives extensive peer, policy, legal, and communications review under the guidelines for public statements.

Issue Briefs — Short discussion papers, an issue brief generally provides either an overview of an issue or focuses on a single aspect of a larger issue. It also conforms to the guidelines for public statements.

Fact Sheets — One- or two-page analyses that provide summary background and actuarial insights on an issue, released as a rapid response to breaking news.

Comment Letters — Sent to legislative and regulatory bodies, comment letters are official statements that provide specific input from an actuarial perspective on an issue.

Public Policy Subscriptions

Academy Alerts — Available only to members, Academy Alerts are timely summaries of major legislative, regulatory, and judicial developments affecting actuaries that are delivered electronically to subscribers. Alert subscriptions are available in the life, health, or property/casualty areas for \$30 per year; pension/employee benefits alerts cost \$50 per year. Every subscriber receives a free subscription to the general insurance alert.

Manuals — The Academy publishes two manuals that are available in a variety of media so that subscribers can choose the one that best meets their needs. Options include individual and group subscriptions for

the manual on CD, on the web, or in a soft-cover book. *The Life and Health Valuation Law Manual* is designed to help appointed actuaries comply with the requirements of the NAIC model Standard Valuation Law and the Model Actuarial Opinion and Memorandum Regulation. The *Property/Casualty Loss Reserve Manual* is designed to help appointed actuaries comply with NAIC annual statement requirements for statements of actuarial opinion.

For more information on the manuals' content and to order, go to the Academy's website at www.actuary.org, or contact Kasha Shelton, (202-223-8196, shelton@actuary.org).

Professionalism Publications

Professionalism guidance is provided to members through the distribution of Actuarial Standards of Practice (ASOPs) and the *ASB Boxscore*. ASOPs serve to assure the public that actuaries are professionally accountable. At the same time, standards provide practicing actuaries with a basis for assuring that their work will conform to generally accepted practices. The *ASB Boxscore* is the ASB's quarterly newsletter, which updates the progress of individual standards through the exposure and approval process.

Academy Meetings

In response to members' needs for nation-specific educational opportunities, the Academy has expanded its meeting and seminar program during the past few years. The content at Academy meetings and seminars is based on Academy work product and covers regulatory issues and innovations in actuarial practice. Academy members receive significant discounts on the registration fees for these meetings. In addition to its two regularly scheduled meetings, the Academy holds specialty seminars on topics of importance to practicing actuaries.

The Academy's two-day Spring Meeting is its premier annual conference, providing content for practitioners in all areas of practice. The meeting also features major speakers from government and the public policy arena who offer their insights and knowledge on current and emerging issues. One actuary is also recognized for his or her contributions to the public good with the awarding of the Robert J. Myers Public Service Award.

The Annual Meeting is held each fall, offering a variety of educational opportunities in addition to a business meeting at which the new Academy president is installed, a vote for new board members is held, and a worthy actuary receives the Jarvis Farley Service Award.

The Life and Health Qualifications Seminar is designed to help actuaries meet the eligibility requirements for issuing annual statement reserve opinions for life and

health insurers. Held in November, the seminar also serves as a basic education refresher or a continuing education component for more experienced actuaries.

In Oct. 2005, the Academy held the inaugural Effective P/C

Loss Reserve Opinions: Tools for the Appointed Actuary Seminar. This one-day seminar informs preparers and signers of P/C loss reserve opinions about regulations, standards, new requirements, and what users of opinions want.

The Academy also works with other actuarial organizations to provide continuing education (CE) to mem-

bers; the Academy and the Casualty Actuarial Society jointly sponsor an annual seminar on casualty reserve opinions, and the Academy and the Conference of Consulting Actuaries jointly sponsor the annual Enrolled Actuaries Meeting.

Academy Continuing Education Program

Under the Qualification Standards for Prescribed Statements of Actuarial Opinion, the Academy is a provider of CE for actuaries. In recent years, it has significantly expanded its CE program.

Some of its CE offerings provide opportunities to earn professional development or CE credit recognized by multiple actuarial organizations. The CE credit available at a meeting is included in the meeting announcement.



Treasury Secretary John W. Snow made a pitch for the Bush Administration's Social Security reform proposal when he headlined the Academy's Spring Meeting in May in Washington, D.C. Snow also recognized the role of the actuarial profession in public policy when he said, "Your profession provides the analytical foundation for government policy, and we are indebted to you."

MEDIA RELATIONS

The goal of the Academy's media relations program is to increase the public's recognition of the value of the actuarial profession by publicizing how the Academy's efforts contribute to the development of sound public policy and high standards of actuarial practice and conduct. In that regard, 2005 was a banner year with historically high media visibility, both in quality and quantity.

In 2005 the Academy generated more than double the number of media placements it had the year before. By the end of December the Academy had been cited 560 times by media outlets across the country. In all of 2004 (also a record-setting year), the Academy generated 225 placements. Academy volunteers handled 207 interviews and media inquiries through November, generating 58 million media impressions (combined readership, listenership, and viewership), and another 147 million web impressions on media outlets' websites.

USA Today, the *New York Times*, the *Los Angeles Times*, the *Washington Post*, the *Wall Street Journal*, *CNNMoney*, *Forbes*, *Barrons*, and the Associated Press and Reuters wire services all published one or more articles citing the Academy's work. Academy Senior Pension Fellow Ron Gebhardt-bauer discussed Social Security and pension reform on MSNBC television and BBC radio. C-SPAN covered the Academy when its members testified before Congress.



Academy Senior Pension Fellow Ron Gebhardt-bauer briefed members of the national news media on the actuarial aspects of Social Security Reform. The briefing was scheduled the day before the State of the Union address in which President Bush announced Social Security reform as one of the highest priorities of his second term, so that reporters would be prepared to raise questions about the actuarial aspects of the administration's proposals.

The trade press also relied on the Academy as a source, with dozens of citations on a wide range of issues in *National Underwriter*, *Best's Review*, *Business Insurance*, and *Pensions and Investments*.

The *New York Times* published a glowing editorial endorsing the efforts of the Academy to require that the chief actuaries of the Social Security and Medicare/Medicaid programs actually be actuaries. Currently,

an actuarial designation is not a legal requirement for these positions.

The Academy's proactive media relations program was in high gear in 2005, starting with a news conference on Social Security reform just before the State of the Union address, and followed by additional briefings on Social Security, Medicare and Medicaid, and pension reform and retirement issues. Near the end of the year the Academy issued a statement in support of the Terrorism Risk Insurance Act that was heavily covered by the trade media and appeared to contribute to the temporary extension of the law.

One of the reasons for the success of the media relations program is the Academy's official spokesperson program, which has provided media training to more than 40 volunteers. In 2005, both the Society of Actuaries and the Casualty Actuarial Society participated in the program, sending members of its leadership to the Academy's training classes.

How to...

... Pay your membership dues

The Academy's new online process provides several fast, user-friendly options for paying dues. Just go to www.actuary.org/dues.asp and follow the instructions to pay online or to print out a copy of the invoice that you can mail or fax with your dues payment. If you prefer to send the dues by mail, send the invoice and your payment to Ms. Kate Callahan, American Academy of Actuaries, 1100 17th Street NW, 7th floor, Washington, DC 20036.

If you have questions about your dues or your membership status, please contact Kate Callahan (Callahan@actuary.org; 202-223-8196).

... Verify Your Academy Membership for the Medicare Retiree Drug Subsidy Program

Medicare's new prescription drug program includes a subsidy for retiree drug plans whose benefits are actuarially equivalent to Medicare Part D benefits. Because the law requires that an actuary be a member of the Academy to make one of these actuarial attestations, the Academy worked with the Centers for Medicare and Medicaid Services to launch a simple online process that actuaries could use to send their Academy membership numbers and other membership information to the Medicare program. The online process was added to the Academy's website (www.actuary.org) in August 2005. More than 800 actuaries used it in its first few months of operation.

... Volunteer for Academy Projects

Academy volunteers lead most of the Academy's public policy and profession-

alism efforts. Through their involvement in these efforts, actuaries serve the profession in a meaningful way, apply their actuarial expertise to important political questions, expand their professional network, become more knowledgeable about major legislative and regulatory trends that affect the profession, and gain a greater understanding of how government really works.

To learn about current and upcoming opportunities for volunteers at the Academy, please contact Leslie Wade (wade@actuary.org; 202-223-8196).

... Change the Address in Your Member Record

Academy members may use one of several methods to change their address, phone number, e-mail address, and similar information in their membership record. It's best to inform the Academy in a timely manner, so that issues of *Contingencies* and the *Actuarial Update*, or new ASB exposure drafts and other useful resources don't get left behind.

Online — The quickest way to change your membership listing is to go to the home page of the Academy website (www.actuary.org), click on "Update your record" in the left column, and follow the instructions given. Note: Your listing with other actuarial organizations will also need to be updated, and instructions for making those changes are provided in "Update your record."

E-mail — Send an e-mail with the requested changes to Kate Callahan at the Academy (Callahan@actuary.org).

U.S mail — Send a letter with the requested changes, being sure to include a phone number and/or e-mail address so the Academy can contact you quickly if necessary. The letter should be addressed to: Ms. Kate Callahan, American Academy of Actuaries, 1100 17th Street NW, 7th floor, Washington, DC 20036.

If you have questions about your member

record or your membership status, please contact Kate Callahan (Callahan@actuary.org; 202-223-8196).

... Request a Missing Publication

Contact Virginia Keene at the Academy and let her know which publications you need. If possible, please specify the month and year when the missing item was published.

Requests for missing publications may be mailed, faxed, e-mailed, or made by phone to Mrs. Virginia Keene (keene@actuary.org; 202-223-8196; American Academy of Actuaries, 1100 17th Street NW, 7th floor, Washington, DC 20036)

... Find an Actuarial Club in Your Area

A comprehensive list of local actuarial clubs and Casualty Actuarial Society Regional Affiliates is maintained on the Academy website at www.actuary.org.

Academy Staff

Executive Director



Executive Director: Kevin Cronin

Project Manager, CRUSAP: Mindy Reiser

Executive Assistant: Miranda Dedja

Communications



Director: Noel Card

Meeting Planner and Executive Assistant: Denise Winston

Administrative Assistant: Tarita Leftwich

Assistant Director for Public Affairs: Chris Robichaux

Public Affairs Manager: Leslie Wade

Media Relations Manager: Andrew Simonelli

Communications Assistant: Virginia Keene

Assistant Director for Publications and Senior Editor, *Contingencies*: Steve Sullivan

Managing Editor of Internet and New Media: Anne Asplen

Managing Editor of Member Publications: Linda Mallon

Marketing and Publications Production Manager: Joe Vallina

Web Master: Patty Childers

Assistant Director, Technology: Mark Paster

Membership Operations Coordinator: Kathleen Callahan

Finance and Administration



Director: Joanne B. Anderson

Manager, HR and Office Operations: Gail Ingram

Senior Staff Accountant: Kathy Bland

Accounting Coordinator: Alberta Phillips

Human Resources Coordinator: Tireaka Peppers

Receptionist: Veora Riggins

Legal and Professionalism



General Counsel and Director: Lauren M. Bloom

Staff Attorney, ABCD Issues: Thomas Griffin

Professionalism Analyst: Vacant

Of Counsel: Kit Pardee

Legal Assistant: Rita Winkel

ABCD

Staff Attorney, ABCD Issues: Thomas Griffin

Of Counsel: Kit Pardee

Legal Assistant: Rita Winkel

ASB

ASB Program Manager: Caren Clark

Standards Editor: Erica Kennedy

Editorial/Administrative Assistant: Doreen Evans

Public Policy



Director: Craig Hanna

Senior Health Fellow: Cori Uccello

Senior Pension Fellow: Ron Gebhardtsbauer

Senior Policy Analyst, Casualty: Greg Vass

Senior Health Policy Analyst (Federal): Holly Kwiatkowski

Health Policy Analyst (State): Gerilyn Trujillo

Life Policy Analyst: Amanda Yanek

Senior Pension Policy Analyst: Heather Jerbi

Risk Management and Financial Reporting Policy Analyst: Vacant

Administrative/Legislative Manager: Kasha Shelton

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The Actuarial Standards Board

The Actuarial Standards Board (ASB) was established on July 1, 1988, as an independent entity managed with Academy staff support. The ASB has the authority to prescribe its own operating procedures; to establish committees, subcommittees, and task forces it may deem necessary in carrying out its assigned functions; and to appoint individuals to positions on such committees, subcommittees, and task forces. The operating committees report to the ASB and function under its direction. The ASB also has the authority to approve exposure of proposed standards and hold public hearings on them, and to adopt recommended standards of practice.

The ASB is charged with the following: (1) to direct and manage the development of actuarial standards of practice by its operating committees in all areas of actuarial practice; (2) to expose, promulgate or adopt, and publish actuarial standards of practice, within its sole discretion and pursuant to such procedures as it deems appropriate, in all areas of actuarial practice; and (3) to provide continuous review of existing standards of practice and determine whether they are in need of amendment, alteration, expansion, or elimination.

The ASB in 2005

Since October 2004, the ASB has exposed a number of proposed and revised ASOPs and adopted several revised ASOPs. The ASB also approved a new introduction to the standards that explains the purpose, nature, and format of ASOPs (as well as some of the commonly used terms and concepts) and released an updated library of standards on CD-ROM.

**Actuarial Standards Board:
Cecil Bykerk, Chairperson**

**Casualty Committee:
Christopher Carlson, Chairperson**

**Subcommittee on Ratemaking:
Patrick Woods, Chairperson**

**Subcommittee on Reserving:
Raji Bhagavatula, Chairperson**

**General Committee:
W.H. Odell, Chairperson**

**Task Force to Revise ASOP No. 38:
Burton Jay, Chairperson**

**Health Committee:
Alan Ford, Chairperson**

**Task Force to Revise ASOP No. 3:
Molly Shaw, Chairperson**

**Task Force to Revise ASOP No. 8:
Paul Fleischacker, Chairperson**

**Task Force to Revise ASOP No. 16:
Mary Murley, Chairperson**

**Life Committee:
Robert Meilander, Chairperson**

**Task Force to Revise ASOP No. 15:
Thomas Phillips, Chairperson**

**Task Force to Revise ASOP No. 24:
Michael Cioffi, Chairperson**

**Pension Committee:
David Fleiss, Chairperson**

Actuarial Standards Board

Cecil Bykerk, *Chairperson*
Godfrey Perrott, *Vice-Chairperson*
Lawrence Sher, *Vice-Chairperson*
William Cutlip
Robert Miccolis
Lew Nathan
William Reimert
Karen Terry
Lauren Bloom, Staff Liaison
Caren Clark, Staff Liaison
Erica Kennedy, Staff Liaison

Casualty Committee of the ASB

In accordance with procedures prescribed by the ASB, this committee develops actuarial standards of practice in the property/casualty insurance area.

Christopher Carlson, *Chairperson*
Raji Bhagavatula
Ronald Kozlowski
Claus Metzner
David Otto
Alfred Weller
Patrick Woods
Erica Kennedy, Staff Liaison

Subcommittee on Ratemaking

Patrick Woods, *Chairperson*
Gregory Hayward
Marc Pearl
Jonathan White
Erica Kennedy, Staff Liaison

Subcommittee on Reserving

Raji Bhagavatula, *Chairperson*
William Belvin
Ralph Blanchard
Edward Ford
Louise Francis
Margaret Wendy Germani
Mary Frances Miller
Terrence O'Brien
Chandrakant Patel

David Powell
Jason Russ
Lee Steeneck
Chester Szczepanski
Erica Kennedy, Staff Liaison

General Committee

In accordance with the procedures of the ASB, this committee develops actuarial standards of practice that apply to actuaries in all practice areas.

W.H. Odell, *Chairperson*
Charles Bryan
Thomas Custis
Burton Jay
Mark Litow
Chester Szczepanski
Ronnie Susan Thierman
Caren Clark, Staff Liaison

Task Force to Revise ASOP No. 38

Burton Jay, *Chairperson*
David Axene
Nick Bieter
Luke Girard
Lance Grigsby
David Ingram
Ronald Kozlowski
James Lamson
Jeffrey Mohrenweiser
W.H. Odell
Martin Simons
James Turpin
Richard Wendt
Caren Clark, Staff Liaison

Health Committee of the ASB

In accordance with procedures prescribed by the ASB, this committee develops actuarial standards of practice in the health insurance area.

Alan Ford, *Chairperson*
Michael Abroe
Gary Brace
Robert Cosway
Paul Fleischacker
John Friesen

James Gutterman
Mary Murley
Molly Shaw
John Stark
Erica Kennedy, Staff Liaison

Task Force to Revise ASOP No. 3

Molly Shaw, *Chairperson*
Gary Brace
Dave Bond
Gary Teitel
Darryl Wagner
Gregory Zebolsky
Erica Kennedy, Staff Liaison

Task Force to Revise ASOP No. 8

Paul Fleischacker, *Chairperson*
Timothy Courtney
John Friesen
Michael Gross
James Gutterman
Julia Philips
William Sarniak
John Stark
Erica Kennedy, Staff Liaison

Task Force to Revise ASOP No. 16

Mary Murley, *Chairperson*
Michael Abroe
Robert Cosway
James Gutterman
Darrell Knapp
David Otto
John Stark
Erica Kennedy, Staff Liaison

Life Committee of the ASB

In accordance with procedures prescribed by the ASB, this committee develops actuarial standards of practice in the life insurance area.

Robert Meilander, *Chairperson*
Charles Carroll
Michael Cioffi
Dale Hagstrom

Thomas Phillips
Allan Ryan
Barry Shemin
Erica Kennedy, Staff Liaison

Task Force to Revise ASOP No. 15

Thomas Phillips, *Chairperson*
Armand dePalo
Phillip Grigg
Dale Hagstrom
Gary Peterson
Stephen Steinig
Erica Kennedy, Staff Liaison

Task Force to Revise ASOP No. 24

Michael Cioffi, *Chairperson*
Jose Andrade-Cora
Jess Geller
Dale Hagstrom
Gary Wheeler
Erica Kennedy, Staff Liaison

Pension Committee of the ASB

In accordance with procedures prescribed by the ASB, this committee develops actuarial standards of practice in the pension area.

David Fleiss, *Chairperson*
David Driscoll
David Friedlander
Marilyn Janzen
Daniel Laline, Jr.
Alexander Morgan IV
Timothy Ryor
Frank Todisco
Ruth Williams
Caren Clark, Staff Liaison

Actuarial Board for Counseling and Discipline

The Actuarial Board for Counseling and Discipline (ABCD) was formed to serve the five U.S.-based organizations representing actuaries. The ABCD considers complaints and questions concerning possible violations of the Code of Professional Conduct. In addition, the ABCD responds to inquiries by actuaries concerning their professional conduct and, when requested to do so, provides guidance in professional matters.

Organizations served by the ABCD include the Academy, the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries. The ABCD also serves the Canadian Institute of Actuaries relative to practice by its members in the United States.

The ABCD's members represent all main areas of actuarial practice and all U.S. organizations representing actuaries. ABCD members are appointed by a selection committee composed of the presidents and presidents-elect of the U.S. organizations.

The ABCD was established effective Jan. 1, 1992, as an independent entity administered with Academy staff support.

Upon delegation of appropriate authority from a participating actuarial organization and acceptance of that delegation by the ABCD, the ABCD is authorized:

1. To consider all complaints or information suggesting possible violations of the applicable Code(s) of Professional Conduct and all questions that may arise as to the conduct of a member of a participating actuarial organization in the member's relationship to the organization or its members, or in the member's professional practice, or affecting the interests of the

actuarial profession;

2. To counsel actuaries concerning their professional activities related to the applicable Code(s) of Professional Conduct in situations where the ABCD deems counseling appropriate;
3. To recommend a disciplinary action with respect to an actuary to any participating organization of which that actuary is a member;
4. To respond to requests for guidance regarding professionalism from members of the participating organizations;
5. To mediate issues between members of participating actuarial organizations, or between such members and the public, for the purpose of informally resolving issues concerning the professional conduct of such members.

Actuarial Board for Counseling and Discipline

William Falk, *Chairperson*

Lawrence Johansen, *Vice-Chairperson*

Michael Toothman, *Vice-Chairperson*

Linda Bell

Edward Burrows

Julia Philips

Richard Robertson

Carol Sears

Jack Turnquist

Thomas Griffin, *Staff Liaison*

Professionalism Standards and Code of Conduct

Professionalism

There are three types of professional standards: the Code of Professional Conduct, which provides ethical guidance; the Qualification Standards, which provide guidance to actuaries regarding the necessary education and experience to do work; and Actuarial Standards of Practice to guide actuaries in how to do work. The Actuarial Board for Counseling and Discipline provides advice and guidance to actuaries and investigates actuaries if qualifications, practice standards, or ethical requirements have not been met.

Actuarial Standards and Guidance

	Professional and Ethical Requirements	Qualifications (Education and Experi- ence to Do Work	How to Do Work	Advice/ Guidance/ Investigation
Specific Guidance	Code of Professional Conduct	General and specific qualification standards for Prescribed Statements of Actuarial Opinions	Actuarial Standards of Practice	Counseling and inves- tigation on qualifications, actuarial standards, and ethics
Provider	Academy Board of Di- rectors	Academy Committee on Qualifications	Actuarial Standards Board	Actuarial Board for Counseling and Discipline

Professional Standards

This table displays the array of professional standards and activities. Unless otherwise noted, applicable materials are included in the actuarial standards handbooks.

	Code of Professional Conduct	General Qualifications Standards	Specific Qualification Standards	Continuing Education Requirements
Developing Committee	Joint Committee on Code of Professional Conduct	Committee on Qualifications	Committee on Qualifications	Committee on Qualifications
Published Guidance	Code of Professional Conduct booklet	Qualification Standards booklet	Qualification Standards booklet	Qualification Standards booklet
Guidance for	Individual actuary	Those qualified to give Prescribed Statements of Actuarial Opinion	Those qualified to give Prescribed Statements of Actuarial Opinion	Retention of the actuary's qualification to give Prescribed Statements of Actuarial Opinion
Practice Areas Covered	All four major practice areas: <ul style="list-style-type: none">• Life• Health• Pension• Casualty	All four major practice areas: <ul style="list-style-type: none">• Life• Health• Pension• Casualty	NAIC Annual Statement Opinions for <ul style="list-style-type: none">• Life and AandH• Fire and Casualty• Hosp., Med., and Dent. Serv., etc.	All Prescribed Statements of Actuarial Opinion
	Standards of Practice	Compliance Guidelines	Counseling and Discipline	
Developing Committee	Actuarial Standards Board	Actuarial Standards Board	Actuarial Board for Counseling and Discipline	
Published Guidance	Standards of Practice	Compliance Guidelines	Academy Bylaws as published in 2001 Yearbook (Procedural guidelines have been separately issued)	
Guidance for	Range of procedures for day-to-day work: actuary's own methods	Day-to-day work: outside requirements	Compliance with ethics, Qualifications Standards, and Actuarial Standards of Practice	
Practice Areas Covered	Practice area described in the Standard	Practice area described in the guideline	All four major practice areas: <ul style="list-style-type: none">• Life• Health• Pension• Casualty	
* Prescribed statements of actuarial opinion are: opinions called for by law or regulation; opinions called for by a standard of practice or a compliance guideline as promulgated by the Actuarial Standards Board; or actuarial communications made for purposes of compliance with standards promulgated by the Financial Accounting Standards Board or the Governmental Accounting Standards Board.				

Code of Professional Conduct

Effective January 1, 2001, the five U.S.-based actuarial organizations adopted this Code of Professional Conduct. It was adopted by the Board of Directors of the American Academy of Actuaries on September 28, 2000, and applies to all members.

The Code of Professional Conduct sets forth what it means for an actuary to act as a professional. It identifies the responsibilities that actuaries have to the public, to their clients and employers, and to the actuarial profession.

The Board of the American Academy of Actuaries thanks the Joint Committee on the Code of Professional Conduct for their hard work and perseverance in drafting the Code and obtaining the approval of all five organizations' boards.

Code of Professional Conduct

The purpose of this Code of Professional Conduct ("Code") 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. An Actuary shall comply with the Code. An Actuary who commits a material violation of the provisions of the Code shall be subject to the profession's counseling and discipline procedures.

The Precepts of the Code identify the professional and ethical standards with which an Actuary must comply in order to fulfill the Actuary's responsibility to the public and to the actuarial profession. The Annotations provide additional explanatory, educational, and advisory material on how the Precepts are to be interpreted and applied.

In addition to this Code, an Actuary is subject to applicable rules of professional conduct or ethical standards that have been promulgated by a Recognized Actuarial Organization for the jurisdictions in which the Actuary renders Actuarial Services. Actuarial Services are considered to be rendered in the jurisdictions in which the Actuary intends them to be used unless specified otherwise by an agreement between a Recognized Actuarial Organization for any such jurisdiction and the organizations that have adopted the Code.

Laws may also impose obligations upon an Actuary. Where requirements of Law conflict with the Code, the requirements of Law shall take precedence.

An Actuary must be familiar with, and keep current with, not only the Code, but also applicable Law and rules of professional conduct for the jurisdictions in which the Actuary renders Actuarial Services. An Actuary is responsible for securing translations of such Laws or rules of conduct as may be necessary.

Definitions:

As used throughout the Code, the following terms are capitalized and have the meanings indicated:

Actuarial Communication: A written, electronic, or oral communication issued by an Actuary with respect to Actuarial Services.

Actuarial Services: Professional Services provided to a Principal by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations.

Actuary: An individual who has been admitted to a class of membership to which the Code applies by action of any organiza-

tion having adopted the Code. When the term "actuary" is used without being capitalized, it refers to any individual practicing as an actuary, regardless of organizational membership or classification.

Confidential Information: Information not in the public domain of which an Actuary becomes aware as a result of providing Actuarial Services to a Principal. It includes information of a proprietary nature and information that is legally restricted from circulation.

Law: Statutes, regulations, judicial decisions, and other statements having legally binding authority.

Principal: A client or employer of the Actuary.

Recognized Actuarial Organization: An organization that has been accepted for full membership in the International Actuarial Association or a standards-setting, counseling, or discipline body to which authority has been delegated by such an organization.

Professional Integrity

PRECEPT 1. An Actuary shall act honestly, with integrity and competence, and in a manner to fulfill the profession's responsibility to the public and to uphold the reputation of the actuarial profession.

ANNOTATION 1-1. An Actuary shall perform Actuarial Services with skill and care.

ANNOTATION 1-2. An Actuary shall not provide Actuarial Services for any Principal if the Actuary has reason to believe that such services may be used to violate or evade the Law or in a manner that would be detrimental to the reputation of the actuarial profession.

ANNOTATION 1-3. An Actuary shall not

use a relationship with a third party or with a present or prospective Principal to attempt to obtain illegal or materially improper treatment from one such party on behalf of the other party.

ANNOTATION 1-4. An Actuary shall not engage in any professional conduct involving dishonesty, fraud, deceit, or misrepresentation or commit any act that reflects adversely on the actuarial profession.

Qualification Standards

PRECEPT 2. An Actuary shall perform Actuarial Services only when the Actuary is qualified to do so on the basis of basic and continuing education and experience, and only when the Actuary satisfies applicable qualification standards.

ANNOTATION 2-1. It is the professional responsibility of an Actuary to observe applicable qualification standards that have been promulgated by a Recognized Actuarial Organization for the jurisdictions in which the Actuary renders Actuarial Services and to keep current regarding changes in these standards.

ANNOTATION 2-2. The absence of applicable qualification standards for a particular type of assignment or for the jurisdictions in which an Actuary renders Actuarial Services does not relieve the Actuary of the responsibility to perform such Actuarial Services only when qualified to do so in accordance with this Precept.

Standards of Practice

PRECEPT 3. An Actuary shall ensure that Actuarial Services performed by or under the direction of the Actuary satisfy applicable standards of practice.

ANNOTATION 3-1. It is the professional responsibility of an Actuary to observe applicable standards of practice that have

been promulgated by a Recognized Actuarial Organization for the jurisdictions in which the Actuary renders Actuarial Services, and to keep current regarding changes in these standards.

ANNOTATION 3-2. Where a question arises with regard to the applicability of a standard of practice, or where no applicable standard exists, an Actuary shall utilize professional judgment, taking into account generally accepted actuarial principles and practices.

ANNOTATION 3-3. When an Actuary uses procedures that depart materially from those set forth in an applicable standard of practice, the Actuary must be prepared to justify the use of such procedures.

Communications and Disclosure

PRECEPT 4. An Actuary who issues an Actuarial Communication shall take appropriate steps to ensure that the Actuarial Communication is clear and appropriate to the circumstances and its intended audience, and satisfies applicable standards of practice.

ANNOTATION 4-1. An Actuary who issues an Actuarial Communication shall ensure that the Actuarial Communication clearly identifies the Actuary as being responsible for it.

ANNOTATION 4-2. An Actuary who issues an Actuarial Communication should indicate the extent to which the Actuary or other sources are available to provide supplementary information and explanation.

PRECEPT 5. An Actuary who issues an Actuarial Communication shall, as appropriate, identify the Principal(s) for whom the Actuarial Communication is issued and describe the capacity in which the Actuary serves.

PRECEPT 6. An Actuary shall make appropriate and timely disclosure to a present or prospective Principal of the sources of all direct and indirect material compensation that the Actuary or the Actuary's firm has received, or may receive, from another party in relation to an assignment for which the Actuary has provided, or will provide, Actuarial Services for that Principal. The disclosure of sources of material compensation that the Actuary's firm has received, or may receive, is limited to those sources known to, or reasonably ascertainable by, the Actuary.

ANNOTATION 6-1. An Actuary who is not financially and organizationally independent concerning any matter related to the performance of Actuarial Services should disclose to the Principal any pertinent relationship that is not apparent.

ANNOTATION 6-2. An Actuary employed by a firm that operates in multiple locations is subject to the requirement of disclosure of sources of compensation that the Actuary's firm may receive in relation to Actuarial Services with respect to a specific assignment for that Principal, regardless of the location in which such compensation is received.

Conflict of Interest

PRECEPT 7. An Actuary shall not knowingly perform Actuarial Services involving an actual or potential conflict of interest unless:

- a. the Actuary's ability to act fairly is unimpaired;
- b. there has been disclosure of the conflict to all present and known prospective Principals whose interests would be affected by the conflict; and
- c. all such Principals have expressly agreed to the performance of the Actuarial Services by the Actuary.

Control of Work Product

PRECEPT 8. An Actuary who performs Actuarial Services shall take reasonable steps to ensure that such services are not used to mislead other parties.

ANNOTATION 8-1. An Actuarial Communication prepared by an Actuary may be used by another party in a way that may influence the actions of a third party. The Actuary should recognize the risks of misquotation, misinterpretation, or other misuse of the Actuarial Communication and should therefore take reasonable steps to present the Actuarial Communication clearly and fairly and to include, as appropriate, limitations on the distribution and utilization of the Actuarial Communication.

Confidentiality

PRECEPT 9. An Actuary shall not disclose to another party any Confidential Information unless authorized to do so by the Principal or required to do so by Law.

Courtesy and Cooperation

PRECEPT 10. An Actuary shall perform Actuarial Services with courtesy and professional respect and shall cooperate with others in the Principal's interest.

ANNOTATION 10-1. Differences of opinion among actuaries may arise, particularly in choices of assumptions and methods. Discussions of such differences between an Actuary and another actuary, or in observations made by an Actuary to a Principal on the work of another actuary, should be conducted objectively and with courtesy and respect.

ANNOTATION 10-2. A Principal has an indisputable right to choose a professional advisor. An Actuary may provide service to any Principal who requests it, even though such Principal is being or has been served by another actuary in the

same matter.

ANNOTATION 10-3. An Actuary in the course of an engagement or employment may encounter a situation such that the best interest of the Principal would be served by the Actuary's setting out an alternative opinion to one expressed by another actuary, together with an explanation of the factors that lend support to the alternative opinion. Nothing in the Code should be construed as preventing the Actuary from expressing such an alternative opinion to the Principal.

ANNOTATION 10-4. An Actuary may be requested to advise a Principal for whom the Actuary knows or has reasonable grounds to believe that another actuary has provided, or is providing, Actuarial Services with respect to the same matter. In such event, the Actuary may choose to consult with such other actuary both to prepare adequately for the assignment and to make an informed judgment as to whether there are circumstances involving a potential violation of the Code that might affect acceptance of the assignment. The Actuary should request the Principal's consent prior to such consultation.

ANNOTATION 10-5. When a Principal has given consent for a new or additional actuary to consult with an Actuary with respect to a matter for which the Actuary is providing or has provided Actuarial Services, the Actuary shall cooperate in furnishing relevant information, subject to receiving reasonable compensation for the work required to assemble and transmit pertinent data and documents. The Actuary shall not refuse to consult or cooperate with the prospective new or additional actuary based upon unresolved compensation issues with the Principal unless such refusal is in accordance with a pre-existing agreement with the Principal. The Actuary need not provide any items of a proprietary nature, such as internal communications or computer programs.

Advertising

PRECEPT 11. An Actuary shall not engage in any advertising or business solicitation activities with respect to Actuarial Services that the Actuary knows or should know are false or misleading.

ANNOTATION 11-1. Advertising and business solicitation activities encompass all communications by whatever medium, including oral communications, that may directly or indirectly influence any person or organization in deciding whether there is a need for Actuarial Services or in selecting a specific Actuary or firm to perform Actuarial Services.

Titles and Designations

PRECEPT 12. An Actuary shall make use of membership titles and designations of a Recognized Actuarial Organization only in a manner that conforms to the practices authorized by that organization.

ANNOTATION 12-1. "Title" refers to any title conferred by a Recognized Actuarial Organization related to a specific position within that organization. "Designation" refers to a specific reference to membership status within such organization.

Violations of the Code of Professional Conduct

PRECEPT 13. An Actuary with knowledge of an apparent, unresolved, material violation of the Code by another Actuary should consider discussing the situation with the other Actuary and attempt to resolve the apparent violation. If such discussion is not attempted or is not successful, the Actuary shall disclose such violation to the appropriate counseling and discipline body of the profession, except where the disclosure would be contrary to Law or would divulge Confidential Information.

ANNOTATION 13-1. A violation of the Code is deemed to be material if it is important or affects the outcome of a situation, as opposed to a violation that is trivial, does not affect an outcome, or is one merely of form.

ANNOTATION 13-2. An Actuary is not expected to discuss an apparent, unresolved material violation of the Code with the other Actuary if either Actuary is prohibited by Law from doing so or is acting in an adversarial environment involving the other Actuary.

PRECEPT 14. An Actuary shall respond promptly, truthfully, and fully to any request for information by, and cooperate fully with, an appropriate counseling and disciplinary body of the profession in connection with any disciplinary, counseling, or other proceeding of such body relating to the Code. The Actuary's responsibility to respond shall be subject to applicable restrictions on Confidential Information and those imposed by Law.

