

2007 YEARBOOK

AMERICAN ACADEMY OF ACTUARIES



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1100 Seventeenth Street, N.W., Seventh Floor
Washington, D.C. 20036
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Printed in the United States of America

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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 entities established within and supported by the Academy. They operate independently in establishing standards and recommending discipline.

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. ▲



2007 Membership Statistics

Academy Membership

Membership as of December 31, 2005..... 15,003

Membership as of November 30, 2006..... 15,130

Academy Membership by Employment

(As of November 30, 2006)

Employment	2004	2005	2006
Insurance and related organizations	6,763	7,172	7,149
Consulting practice	5,175	5,252	5,257
Government	274	266	268
Academic institutions	50	52	50
Other	815	692	716
Retired	1,421	1,342	1,306
Unaffiliated	444	227	384
Total	14,932	15,003	15,130

Membership by Practice Area 2006*

Casualty.....2,633
 Health.....2,538
 Life.....3,008
 Pension3,140
 Risk Management and Financial Reporting985
Total12,304

*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:

- Establishing, maintaining, and enforcing high professional standards of actuarial qualification, practice, and conduct;
- Assisting in the formulation of public policy by providing independent and objective information, analysis, and education; and
- 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 operationally 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

Steven Lehmann, *President*

Bill Bluhm, *President-Elect*

John Parks, *Secretary-Treasurer*

Robert Miccolis, *Vice President, Casualty*

Allan Ryan, *Vice President, Professionalism*

David Sandberg, *Vice President, Life*

John Schubert, *Vice President, Health*

Donald J. Segal, *Vice President, Pension*

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

Peter Perkins, *Immediate Past President*

Robert Wilcox, *Past President*

Rowen Bell

Al Bingham

Thomas Campbell

Christopher Carlson

Charles Emma

Thomas Herget

Ken Hohman

Elise Liebers

Karl Madrecki

Thomas Myers

Edward Robbins

Bruce Schobel

Ken Steiner

Christine Stroud

Thomas Terry

Patricia Teufel

Sal Tripodi

James Verlautz

2007 Academy Board of Directors



Steven Lehmann
President
2009



Bill Bluhm
President-Elect
2010



John Parks
*Secretary-
Treasurer*
2007



Robert Miccolis
*Vice President,
Casualty*
2008



Allan Ryan
*Vice President,
Professionalism*
2008



David Sandberg
Vice President, Life
2007



John Schubert
*Vice President,
Health*
2008



Donald J. Segal
*Vice President,
Pension*
2007



Timothy Tongson
*VP, Risk
Management and
Financial Reporting*
2007



Peter Perkins
*Immediate
Past President*
2008



Robert Wilcox
*Penultimate Past
President*
2007

2006 Academy Board of Directors (continued)



Rowen Bell
Regular Director
2009



Al Bingham
Regular Director
2008



Thomas Campbell
Regular Director
2007



Christopher Carlson
*Special Director,
President-Elect, CAS*
2008



Charles Emma
Regular Director
2009



Thomas Herget
Regular Director
2009



Ken Hohman
*Special Director
President-Elect, CCA*
2008



Elise Liebers
Regular Director
2007



Karl Madrecki
Regular Director
2008



Thomas Myers
*Special Director
President, CAS*
2007



Edward Robbins
*Special Director
President, SOA*
2007



Bruce Schobel
*Special Director
President-Elect, SOA*
2008



Ken Steiner
Regular Director
2009



Christine Stroud
Special Director
President, ASPPA
2007



Thomas Terry
Special Director
President, CCA
2007



Patricia Teufel
Regular Director
2007



Sal Tripodi
Special Director
President-Elect,
ASPPA
2008



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 by-laws. The Executive Committee develops Academy policy subject to board approval and makes recommendations to the board regarding budget, policy, and other important issues.

Steven Lehmann, *President*

Bill Bluhm, *President-Elect*

John Parks, *Secretary-Treasurer*

Robert Miccolis, *Vice President, Casualty*

Allan Ryan, *Vice President, Professionalism*

David Sandberg, *Vice President, Life*

John Schubert, *Vice President, Health*

Donald J. Segal, *Vice President, Pension*

Timothy Tongson, *Vice President,*

*Risk Management and Financial
Reporting*

Peter Perkins, *Immediate Past President*

Kevin Cronin, *Staff Liaison*

Audit Committee

The Audit Committee 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.

Thomas Campbell, *Chairperson*

Rowen Bell

James Verlautz

Joanne Anderson, *Staff Liaison*

Personnel and Compensation Committee

This committee 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*

Peter Perkins

John Schubert

Donald J. Segal

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.

Steven Lehmann, *Chairperson*

Bill Bluhm

Peter Perkins

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

Joseph Applebaum

Donna Claire

Ken Kent

Robert Miccolis

Mary D. Miller

Allan Ryan

David Sandberg

Geoffrey Sandler

John Schubert

Donald J. Segal

Tim 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.

Bill Bluhm, *Chairperson*

Michael Abroe

Robert Beuerlein

Steven Lehmann

Robert Miccolis

Mary D. Miller

John Parks

Allan Ryan

David Sandberg

John Schubert

Donald J. Segal

Thomas Terry

Timothy Tongson

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.

Ron Gebhardtsbauer, *Chairperson*

Cori Uccello, *Vice Chairperson*

Ralph Blanchard

Barbara Lautzenheiser

Robert Miccolis

Mary D. Miller

Allan Ryan

David Sandberg

Geoffrey Sandler

Bruce Schobel

Chester Szczepanski

Donald J. Segal

Timothy Tongson

Craig Hanna, Staff Liaison

John Schneidawind, 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.

Robert Wilcox, *Chairperson*

Peter Perkins, *Vice Chairperson*

Steven Lehmann

Bill Bluhm

Chris Carlson

Ken Hohman

Bruce Schobel

Sal Tripodi

Kevin Cronin, Staff Liaison

Mary Downs, 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.

Steven Lehmann, *Chairperson*

Robert Miccolis

Allan Ryan

David Sandberg

John Schubert

Donald J. Segal

Timothy Tongson

Mary Downs, 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

Bruce Schobel

Joanne Anderson, *Staff Liaison*

Communications Review Committee

This Academy Committee is charged with re-viewing 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.

Vacant, Chairperson

Edwin Hustead

James Murphy

Robert Musen

John Parks

Julia Philips

John Schneidawind, *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 Erman

Rade Musulin

Geoffrey Sandler

Donald J. 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 J. 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*

Regina Berens

Mark Dunbar

Todd Erkis

Anne Kelly

Patrick Kinlaw

Jennifer Lazio

Howard Rosen

Gail Ross

David Shea

Chris Robichaux, *Staff Liaison*

Kate Callahan, *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

John Parks

Matthew Wessel

Chris Cassidy, *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.

Bill Bluhm	Francisco Morales	José Luiz Suarez
Christopher Carlson	James Murta	Thomas Terry
Norman Gendron	Thomas Myers	Sal Tripodi
Ken Hohman	Edward Robbins	Jesús Zúñiga
Steven Lehmann	Bruce Schobel	<i>Kevin Cronin, Staff Liaison</i>
Jose Luis Lobera	Christine Stroud	<i>Mary Downs, Staff Liaison</i>

IAA Oversight Committee

Chairperson: Steve Lehmann	Solvency Subcommittee: Terri Vaughan
Council Delegate: Ron Gebhardtsbauer	International Education Committee: Steve Lehmann
Alternate Delegate: Steve Lehmann	Member Services Committee: Howard Bolnick
Accreditation Committee: Bill Bluhm	Nominations Committee: (vacant)
Advice & Assistance Committee: Steve Lehmann	Pension & Employee Benefits Committee: Ron Gebhardtsbauer
China Subcommittee: Howard Bolnick	Accounting Standards Subcommittee: Ron Gebhardtsbauer
Latin America Subcommittee: (vacant)	Professionalism Committee: Dan McCarthy
IAA Fund: (vacant)	Social Security Committee: Ken Buffin, Ron Gebhardtsbauer (alt)
Audit and Finance Committee: Curtis Huntington	Supranational Relations Committee: Howard Bolnick
Education Committee: Dan McCarthy	Past President: Peter Perkins
Financial Risk Committee: Steve Lehmann	VP Casualty: Robert Miccolis
Task Force on Financial Economics: Ron Gebhardtsbauer	VP Professionalism: Allan Ryan
Insurance Accounting Committee: William Hines	VP Life: David Sandberg
Actuarial Standards Subcommittee: Burt Jay	VP Health: John Schubert
Risk Margin Subcommittee: (vacant)	VP Pensions: Donald J. Segal
Insurance Regulation Committee: Terri Vaughan	VP Risk Management and Financial Reporting: Timothy Tongson
Reinsurance Subcommittee: Paul Braithwaite	Staff Liaisons: Kevin Cronin, Tina Getachew

Joint Committee on IAA Coordination

Ron Gebhardtsbauer, *Academy (Chair)*

Tom Terry, CCA

Amy Bouska, CAS

Bob Beuerlein, SOA

Curtis Huntington, ASPPA

Kevin Cronin, Tina Getachew, Staff Liaisons

Public Policy

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—papers and testifying before Congress and state legislatures to actuarial analysis of the impact of regulations and working with the NAIC—re 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 2007 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 2006

WHEN CONGRESS VOTED in December 2005 to extend the Terrorism Risk Insurance Act (TRIA) by two years, it was a significant moment in the Academy's effort to find a long-term solution for terrorism insurance. But it was by no means an endpoint.

Over the course of several months last fall, the Academy's Terrorism Risk Insurance Subgroup provided congressional staff with comprehensive analysis of draft versions of TRIA extension proposals. Concerned that differences in separate House and Senate bills couldn't be reconciled in the rush of business before TRIA expired on Dec. 31, 2005, the Academy issued a statement calling for permanent federal legislation in order to make terrorism coverage widely and readily available. The Academy's statement came just in time for a significant flurry of congressional maneuvering around TRIA's future.

Following passage of the TRIA extension, the Academy followed up with testimony at a March 29 hearing on terrorism sponsored by the National Association of Insurance Commissioners (NAIC). In April, the subgroup commented at length to the President's Working Group on Financial Markets for a study of terrorism risk insurance. Those comments were repeatedly referred to in the study, which was released in October 2006. And in June,

subgroup members met with the Government Accountability Office (GAO) to discuss terrorism risk insurance in advance of a GAO report that was issued in October. The GAO report also referenced Academy work extensively.

While TRIA was a high profile issue, the Academy also kept pace on numerous other projects of importance to casualty actuaries:

- In October 2005, the Academy issued a statement critical of a report on medical malpractice insurance emanating from the Center for Justice and Democracy, which had been sent to many state attorneys general. In May, the Academy sent a letter to Congress on the actuarial consequences of two medical malpractice liability reform bills;
- Shortly before the Senate took up asbestos litigation as the first major item on its 2006 agenda, the Academy released a timely new issue brief on the topic;
- Academy representatives met in August with the GAO to discuss various types of weather-related risk and insuring the risk of a mega-catastrophe.

Finally, for two years in a row the Academy's seminar on P/C loss reserve opinions generated such interest that it was expanded to two days. Better yet, the seminar consistently received top reviews from attendees who applauded its value for appointed actuaries.



Michael McCarter testifies at NAIC hearing on terrorism

Casualty Practice Council

Robert Miccolis, *Vice President*

Committee on Property and Liability Financial Reporting

Marc Oberholtzer, *Chairperson*

P/C Extreme Events Committee:

Shawna Ackerman, *Co-chairperson*, Stuart Mathewson, *Co-chairperson*

Mass Torts Subcommittee:

Jennifer Biggs, *Chairperson*

Flood Insurance Subcommittee:

Stuart Mathewson, *Chairperson*

Natural Catastrophe Subcommittee:

Shawna Ackerman, *Chairperson*

P/C Financial Soundness/Risk Management Committee

Deborah Rosenberg, *Chairperson*

P/C Products, Pricing, and Market Committee

Anne Kelly, *Chairperson*

Automobile Insurance Subcommittee

Cara Blank, *Chairperson*

Medical Malpractice Subcommittee

Kevin Bingham, *Chairperson*

Property and All Other Lines Subcommittee

Jeff Kucera, *Chairperson*

Workers' Compensation Subcommittee

Timothy Wisecarver, *Chairperson*

P/C Risk-Based Capital Committee

Tony George Philips, *Chairperson*

Terrorism Risk Insurance Subgroup

Michael McCarter, *Chairperson*

Joint Casualty Loss Reserve Seminar Planning Committee

Chester Szczepanski, *Chairperson*

Casualty Practice Council—2007

Robert Miccolis, *Vice President*

Shawna Ackerman

Michael Angelina

Christopher Carlson

Charles Cook

Charles Emma

Alice Gannon

Roger Hayne

Anne Kelly

Stuart Mathewson

Mary Frances Miller

Thomas Myers

Marc Oberholtzer

Tony Phillips

Steven Petlick

Deborah Rosenberg

Andrea Sweeny

Chester Szczepanski

Nancy Watkins

Pat Woods

Lauren Pachman, Staff Liaison

Jay Morrow

Dale Ogden

Marc Pearl

Marvin Pestcoe

Sheldon Rosenberg

Paul Struzzieri

Rae Taylor

James Votta

Thomas Wallace

Scott Weinstein

Lauren Pachman, 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 identifies 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.

Shawna Ackerman, *Co-Chairperson*

Stuart Mathewson, *Co-Chairperson*

James Biller

Dan Carr

William Dove

Bruce Fatz

Sara Frankowiak

Patricia Furst

Steve Goldberg

Alexander Krutov

David Lalonde

Thomas Le

James Matusiak

Jeff McCarty

Rade Musulin

Miriam Perkins

Anthony Pipia

Sean Ringstead

Martin Simons

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.

Marc Oberholtzer, *Chairperson*

Robert Wainscott, *Vice Chairperson*

Michael Angelina

Kristi Carpine-Taber

Robert Eramo

Edward Ford

Thomas Ghezzi

Holmes Gwynn

Joseph Herbers

Andrew Kudera

Robb Luck

Mary D. Miller

Dan Spafford
Jack Swisher
Steven Symon
Thomas Weidman
Lauren Pachman, Staff Liaison

Mass Torts Subcommittee

Jennifer Biggs, *Chairperson*
Raji Bhagavatula
Hsiu-Mei Chang
Bryan Gillespie
Tom Johnston
Steve Math
Claus Metzner
Steven Symon
Steve Talley
Trevar Withers
Lauren Pachman, Staff Liaison

Flood Insurance Subcommittee

Stu Mathewson, *Chairperson*
Sara Frankowiak
Miriam Perkins
Dan Spafford
Thomas Weidman
Lauren Pachman, Staff Liaison

Natural Catastrophe Subcommittee

Shawna Ackerman, *Chairperson*
Joel Atkins
Dan Carr
Sara Frankowiak
Patricia Furst
Larry Johnson
Dave Lalonde
Thomas Le
Stuart Mathewson
Jeff McCarty
Miriam Perkins
Martin Simons
Thomas Weidman
Lauren Pachman, Staff Liaison

P/C Financial Soundness/Risk Management Committee

The committee proactively provides 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 to address so that the committee can coordinate and respond to issues at the state, federal, and international levels. The committee actively interfaces with the NAIC and the Financial Reporting Council's Solvency and Risk Management Task Force. The committee also communicates and provides information to the membership of the Academy regarding these issues.

Deborah Rosenberg, *Chairperson*
Shawna Ackerman
Kevin Bingham
Charles Emma
Sarah Fore
Richard Gorvett
Jeffrey Kadison
Ronnie Fowler
James Ross
Scott Whitson

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. Their work focuses on product features and their design and may bring together issues that are financial and solvency based. The committee communicates and provides information to the Academy membership. It also responds to regulatory requests about such product areas. The committee engages in the development of public policy at the state, federal, and international levels.

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Kevin Bingham
Cara Blank
Jeffrey Kucera
Timothy Wisecarver
Lauren Pachman, Staff Liaison

Automobile Insurance Subcommittee

Cara Blank, *Chairperson*

Jonathan Blake

David Chernick

Patrick Crowe

Stacey Gotham

Gary Grant

Geoffrey Werner

Lauren Pachman, Staff Liaison

Medical Malpractice Subcommittee

Kevin M. Bingham, *Chairperson*

Brian Alvers

David Axene

William Burns

Linda Dembiec

James Hurley

Richard Kipp

William Murphy

Kenneth Quintilian

Peter Rauner

Lauren Pachman, Staff Liaison

Property and All Other Lines Subcommittee

Jeffrey Kucera, *Chairperson*

Mark S. Allaben

John Rollins

Alfred O. Weller

Lauren Pachman, Staff Liaison

Workers' Compensation Subcommittee

Timothy Wisecarver, *Chairperson*

Michele Bernal

Thomas Cawley

Brian Clancy

Ann Conway

Thomas DeFalco

John Herzfeld

Gary Josephson

Michael Lamb

Thomas Le

Ramona Lee

Barry Llewellyn

Sarah McNair-Grove

David Mohrman

Kay Rahardjo

Rial Simons

Nancy Treitel

William Vasek

Christopher Walker

Alfred Weller

Lauren Pachman, Staff Liaison

Property and Casualty Risk-Based Capital Committee

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

Tony George Philips, *Chairperson*

Kay Cleary

Nicole Elliott

Margaret Germani

James Hurley

Gerald Kirschner

Alexander Krutov

Christopher Nyce

Chester Szczepanski

Robert Wolf

Lauren Pachman, Staff Liaison

Terrorism Risk Insurance Subgroup

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Terry Alfuth

George Burger

Cecil Bykerk

Steven Gathje

Rade Musulin

Daniel Skwire

David Smith

Chester Szczepanski

Kevin Thompson

Lauren Pachman, 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.

Chester Szczepanski, *Chairperson*

Leigh Halliwell

Christopher Bozman

Brian Brown

William Burns

Kenneth Carlton

Nicole Elliott

Leigh Halliwell

Joseph Herbers

Alan Hines

Ronald Kozlowski

George Levine

Atul Malhorta

Joseph Lawrence Petrelli

John Dale Reynolds

Robert Wolf

Vincent Yezzi

Lauren Pachman, Staff Liaison

The Health Practice Council in 2006

ONE OF THE MAJOR ISSUES that resurfaced this year was expanding health coverage in the small-group market. Sen. Michael Enzi (R-Wyo.) introduced a bill to establish small-business health plans and the Academy jumped in to help congressional aides better understand the nuances of the small-group health insurance market. While the bill wasn't perfect and it ultimately failed, the Academy gained media attention by saying that the legislation was an improvement on previous association health plan bills.

The Academy supplemented its efforts on the Enzi legislation with the release of new issue briefs on other emerging health policy issues, including an updated version of an earlier issue brief on characteristics of the uninsured and one on medical insurance pools. In November 2005, the Academy hosted an educational Capitol Hill briefing on rising health care costs that moved from the big picture—an overview of historical and current U.S. health care trends—to a closer look at the specific factors that are driving those costs.

Although there were no new major Medicare initiatives to sort through this year, implementation issues related to the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) and continuing questions about the program's solvency remained priorities.

To help congressional staff and other policymakers make sense of the solvency challenges facing both Medicare and Social Security, the Academy sponsored a Capitol Hill briefing on the 2006 trustees reports and updated an earlier issue brief, *Medicare's Financial Condition: Beyond Actuarial Balance*. In October 2005, the Academy made its first foray into quality-of-care issues with the publication of an issue brief on pay-for-performance programs, particularly within the Medicare program. The Academy also developed several practice notes for health actuaries working in the new landscape created by MMA, including one on the actuarial



From left, Patrick Collins, Darrell Knapp, and David Shea meet with Treasury officials as part of Health Practice Council Capitol Hill visits.

equivalence of prescription drug plans and another on Medicare supplement reserves and liabilities. In April, the Academy sent a letter to the Government Accounting Standards Board commenting on a proposed technical bulletin on the Medicare Part D drug program. And the Academy continued to work closely with the National Association of Insurance Commissioners as it develops proposed Medicare Part D risk factors, instructions, and formulas.

Despite all this activity, the Academy didn't neglect other aspects of health policy. In addition to producing the Medicare-related practice notes, the Academy continued its efforts to update all 1996 practice notes. Revised practice notes released in the past 12 months included ones on long-term disability income insurance, on small-group medical insurance reserves and liabilities, and on statutory reserves for individual disability income insurance.

Finally, in October the Academy released a fact sheet, written in language accessible to a broad audience, on the dangers of second-hand smoke. The fact sheet garnered considerable press interest, particularly in states where proposed smoking bans were on the November ballot, and it prompted an official at the Centers for Disease Control to contact the author, Academy Senior Health Fellow Cori Uccello, to discuss the economic implications of chronic disease.

Health Practice Council

John Schubert, *Vice President* Alfred Bingham, *Vice Chairperson*

Professionalism Liaison: Geoffrey Sandler

ASB Liaison: Paul Fleischacker

Committee on Federal Health Issues

David Shea, Jr., *Chairperson* Patrick Collins, *Vice Chairperson*

Medical Malpractice Liason: David Axene

Federal LTC Task Force

Eric Stallard, *Chairperson* Bruce Stahl, *Vice Chairperson*

Individual Medical Market Task Force: Michael Abroe, *Chairperson*

Individual Affordability Work Group:

Michael Abroe, *Chairperson*

Individual Barriers Work Group: Mark Litow, *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*

Uninsured Work Group

Karl Madrecki, *Chairperson* Cathy Murphy-Barron, *Vice Chairperson*

Health Coverage Subgroup

Stacey Lampkin, *Chairperson*

Catherine Murphy-Baron, *Vice Chairperson*

Health Dollar Subgroup

Daniel Bailey, *Chairperson*

Karl Madrecki, *Vice Chairperson*



Health Practice Council—2007

John Schubert, *Vice President*

Alfred Bingham, *Vice Chairperson*

Michael Abroe

Rowen Bell

Janet Carstens

Grady Catterall

Kara Clark

Patrick Collins

Ian Duncan

Paul Fleischacker

Warren Jones

Darrell Knapp

Karl Madrecki

James Murphy

Catherine Murphy-Barron

Jeffrey Petertil

Geoffrey Sandler

David Shea

Eric Stallard

Cori Uccello

Margaret Wear

Thomas Wildsmith

Vacant, 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 and prepares congressional testimony, position papers, and other public statements on key health issues. It also meets formally and informally with senior federal health policy-makers and their staffs.

David Shea, *Chairperson*

Patrick Collins, *Vice Chairperson*

David Axene

Karen Bender

Alfred Bingham

Alan Ford

Donato Gasparro

Beth Lieberman

Karl Madrecki

Mark McGuire

James Murphy

Donna Novak

Robert Parke

Geoffrey Sandler

John Schubert

Harry Sutton

Michael Thompson

Thomas Tomczyk

Roderick Turner

Cori Uccello

Thomas Wildsmith

Vacant, 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.

Eric Stallard, *Chairperson*
Bruce Stahl, *Vice Chairperson*
Michael Abroe
Malcolm Cheung
James Glickman
Timothy Gustafson
Walter Liptak
Bartley Munson
Alwyn Powell
Gordon Trapnell
Cori Uccello
Robert Yee
Vacant 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
Rowen Bell
Karen Bender
Michael Burks
Kenneth Clark
Richard Hauboldt
Mark Litow
Timothy Luedtke
James Oatman
Victor Paguia
Bernard Rabinowitz
Martha Spenny
Steele Stewart

Thomas Stoiber
Roderick Turner
Vacant, Staff Liaison

Individual Market Affordability Work Group

Michael Abroe, *Chairperson*
Ronald Bachman
David Bahn
Karen Bender
Richard Hauboldt
Timothy Luedtke
Martha Spenny
Vacant, Staff Liaison

Individual Market Barriers Work Group

Mark Litow, *Chairperson*
Thomas Ahmann
Kenneth Clark
James Oatman
Victor Paguia
Steele Stewart
Roderick Turner
Thomas Wildsmith
Vacant, 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
James Drennan
John Fleming
Leonard Koloms
Jeffrey Miller
David Shea
Martha Spenny
Mark Wernicke
Vacant, Staff Liaison

Consumer-Driven Health Plans Work Group

James Murphy, *Chairperson*

Ronald Bachman

Karen Bender

Patrick Collins

Robert Cosway

Brad Edmister

John Fleming

Brent Lee Greenwood

Penny Hahn

J. Christopher Hall

Cara Jareb

Michael Jones

Peter Lopatka

Mac McCarthy

William McNamara

Jeffrey Nohl

Donna Novak

James O'Connor

David Ogden

Sunit Patel

Jeffrey Petertil

Daniel Plante

Bernard Rabinowitz

Eric Sock

Robert Stahnke

Michael Sturm

Harry Sutton

David Tuomala

Mark Wernicke

Kurt Wrobel

Vacant, Staff Liaison

Emerging Data Subgroup

David Tuomala, *Chairperson*

Ronald Bachman

Robert Cosway

Brian Fuller

Brent Greenwood

Penny Hahn

Mac McCarthy

James Murphy

Sunit Patel

Daniel Plante

Robert Stahnke

Harry Sutton

Kurt Wrobel

Vacant, Staff Liaison

Disease Management Work Group

Robert N. Parke, *Chairperson*

David Axene

Michael Blakeney

Andy Bren

Kevin Dolsky

Kevin Dotson

Ian Duncan

Charles Fuhrer

Scott Guillemette

Art Lewis

Sandra Loyal

Wendi McNeilly

Catherine Murphy-Barron

David R. Nelson

Nancy Nelson

Timothy Robinson

Marcia Sander

Charles Smith

Steele Stewart

Richard Tash

Michael Thompson

Howard Underwood

Greger Vigen

Margaret Wear

Steve Wright

Geralyn Trujillo, Staff Liaison

Health Care Quality Work Group

Michael Thompson, *Chairperson*

David Axene

Joel Hoffman

Timothy Luedtke

Curtis Robbins

Geoffrey Sandler

John Sardelis

Gordon Trapnell

Vacant, 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
Vacant, Staff Liaison

Uninsured Work Group

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

Health Coverage Subgroup

Stacey Lampkin, *Chairperson*
Catherine Murphy-Barron, *Vice Chairperson*
Ronald Bachman
Daniel Bailey

Peter Hendee
Marc Lambricht
Karl Madrecki
Curtis Robbins
Carolyn Sadler
Harry Sutton
Giak Diang Tan Tan
Vacant, Staff Liaison

Health Dollar Subgroup

Daniel Bailey, *Chairperson*
Karl Madrecki, *Vice Chairperson*
David Bahn
Patrick Collins
Arthur Lewis
Thomas Snook
Vacant, 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.

Michael Abroe, *Chairperson*
Warren Jones, *Vice Chairperson*
Rowen Bell
Vincent Bodnar
Michael Carstens
Grady Catterall
Kermitt Cox
Alan Ford
Darrell Knapp
Shaun Peterson
Allen Schmitz
Bradley Spenny
P J Stallard
John Timmerberg
Leigh Wachenheim

Shari Westerfield
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 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
Eric Stallard
Richard Tan
John Timmerberg
Geralyn Trujillo, Staff Liaison

Principles-Based Work Group

Robert Yee, *Chairperson*
Allen Schmitz, *Chairperson, Technical Subgroup*
John Timmerberg, *Chairperson, Issues Subgroup*
Clifford Angstman
Dan Cathcart
Margaret Chance
Lina Cheung
Tracy Chen
Michael Francescone
Robert Hanes
John Heins
Tom Hinrichs
Warren Jones
Laurel Kastrup
Matthew Klaus
Kerry Krantz
Barbara Lautzenheiser
Paul Morrison
Dan Nitz
Amy Pahl
Janet Perrie
Steve Pummer
Allen Raws III
Allen Schmitz
Steven Schoonveld
Bradley Spenney
Bruce Stahl
Eric Stallard
Richard Tan
Mark Walker
D Joeff Williams
Geralyn Trujillo, Staff Liaison

Medicare Supplement Work Group

Michael Carstens, *Chairperson*
David Bahn
John Bryson
John Cathcart
Kenneth Clark
Andrew Erman
Michael Frank
Peter Hendee
David Kerr
Chan Phan

David Shea
Anthony Turner
Geralyn Trujillo, Staff Liaison

Medicaid Work Group

Leigh Wachenheim, *Chairperson*
Ben Brandon
Thomas Carlson
April Choi
Robert Damler
William Finch
Todd Galloway
Lorenz Glaza
Timothy Harris
Paula Hines
Don Killian
Jinn-Feng Lin
John Meerschaert
Michael Nordstrom
David Ogden
Brian Raymon
F. Kevin Russell
Steven Sherman
Martin Staehlin
John Vataha
Gregory Winkler
Geralyn Trujillo, Staff Liaison

Stop-Loss Work Group

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

Medicare Part D Subgroup

James Braue, *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 financial reporting activities related to all areas of health practice involving actuaries, reviews proposals made by various organizations affecting the accounting and auditing issues related to health practice, and generally is responsible for analysis and recommendations on health practice accounting issues. These include 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 FAS106).

Darrell Knapp, *Chairperson*
Frank Amrine
Rowen Bell
James Braue
Rodney Brunk
Kermitt Cox
Timothy Deno
Peter Howard
Lori Huffman
Kenny Kan
Laurel Kastrup
Karen Kirby
Jinn-Feng Lin
Donna Novak
James O'Connor
Jeffrey Petertil
Bernard Rabinowitz
Sharon Riva
Michael Smith
R. Noreen Verdoliva
Shari Westerfield
Russell Willard
D. Joeff Williams
Geralyn Trujillo, Staff Liaison

Premium Deficiency Reserves Work Group

Donna Novak, *Chairperson*

Rowen Bell

James Braue

Rodney Brunk

Kermit Cox

Timothy Deno

Peter Howard

Lori Huffman

Kenny Kan

Laurel Kastrup

Karen Kirby

Darrell Knapp

Julia Lambert

Jinn-Feng Lin

Jeffrey Petertil

Bernard Rabinowitz

Sharon Rivaïs

Roger Schacht

Harry Shi

Michael Smith

Russell Willard

D. Joeff Williams

Norman Zwitter

Gerelyn 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*

David Axene

John Bertko

Janet Carstens

Michael Carstens

Randall Edwards

Patrick Fleming

Alan Ford

P. Anthony Hammond

Dennis Hulet

Curtis Huntington

Joel Kabala

Beth Lieberman

Mark Litow

James Murphy

Donna Novak

Anna Rappaport

John Sardelis

John Schubert

Paul Schultz

Harry Sutton

Michael Thompson

Thomas Tomczyk

Gordon Trapnell

Cori Uccello

George Wagoner

John Wandishin

Vacant, 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

Vacant, Staff Liaison

Medicare Finance Work Group

Dennis Hulet, *Chairperson*

Michael Carstens

P. Anthony Hammond

Joel Kabala

Mark Litow

Harry Sutton

Thomas Wildsmith

Carl Wright

Vacant, Staff Liaison

Part D Lessons Learned Work Group

Lynette Trygstad, *Chairperson*

John Bertko

Janet Carstens

Troy Filipek

Michele Hooper

Beth Lieberman

Donna Novak

Anna Rappaport

Paul Schultz

Gordon Trapnell

Vacant, Staff Liaison

Joint HP/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*

Vacant, *Staff Liaison*

Health Practice International Task Force

The Health Practice International Task Force assists in maintaining awareness and communication between the U.S.-based health care actuary and the international community at large. The task force monitors proposals and guidance generated by international actuarial organizations and provides commentary as appropriate.

Michael Abroe, *Chairperson*

John Bertko

Ian Duncan

Zhi Hu

Tom Messer

Manos Paximadas

John Schubert

Jon Shreve

Howard Underwood

Geralyn Trujillo, *Staff Liaison*

The Life Practice Council in 2006

THE ACADEMY'S WORK on risk-based capital (RBC) C-3 Phase 2 instructions achieved a significant milestone when they were adopted by the National Association of Insurance Commissioners (NAIC) in October 2005. But the Academy's work on encouraging a principles-based approach to regulation has only just begun.

Throughout the course of the past 12 months, the Academy's principles-based initiative moved forward on a variety of fronts. Consider:

- Members of the Life Financial Soundness/Risk Management Committee are working on a new approach to the Standard Valuation Law with reserving and solvency methods that are principles based;
- The Variable Annuity Reserve Work Group has developed a reserve methodology for variable annuity products that uses the C-3 Phase 2 approach;
- The Life Reserves Work Group continues its work developing a principles-based approach to determining reserves for all life products, including a model regulation and two possible actuarial guidelines for the valuation of reserves;
- The Annuity Reserves Work Group is developing principles-based reserve requirements for all non-variable annuity products;
- The Experience Subcommittee is working with the Joint SOA/Academy Preferred Mortality Project Oversight Group on the de-

velopment of a new valuation table process to support a principles-based framework;

- The Governance Group has completed a recommended actuarial guideline for the independent review requirements of principles-based reserves.

- The Valuation Law and Manual Team is developing content and structure for an NAIC Valuation Manual to facilitate the uniform application and updating of reserve standards.

And that's just in the area of reserves.

In January, the Academy unveiled enhanced pre-packaged scenarios and an updated interest-rate generator for capital adequacy. Work has also begun on developing C-3 RBC requirements for life products; on crafting consistent principles-based reserve and capital recommendations to ensure that different segments of insurance business have a common platform for projecting economic scenarios and creating a consistent stochastic methodology for calculating RBC and reserves; and on creating capital requirements for nonvariable annuity products.

To keep actuaries and regulators up to speed on this dizzying array of activities, the Academy began in January to hold regular webcasts on principles-based developments, along with several related seminars. In the spring, the Academy also launched a special page on its website devoted to the principles-based project.



Leaders of the Life Practice Council's principles-based initiative convene at the summer NAIC meeting.

Life Practice Council

David Sandberg, *Vice President*

Thomas Campbell, *Vice Chairperson*; Larry Gorski, *Vice Chairperson*

Life Financial Reporting Committee

Darin Zimmerman, *Chairperson*; Ken LaSorella, *Vice Chairperson*

Life Products Committee

Cande Olsen, *Chairperson*; John McBain, *Vice Chairperson*

Nonforfeiture Improvement Work Group

John McBain, *Chairperson*

Life Financial Soundness/Risk Management Committee

Donna Claire, *Chairperson*

Tax Work Group

Art Panighetti, *Chairperson*

Website Work Group

Shawn Loftus, *Chairperson*

Regulatory Interface, Governance, and Peer Review Work Group

Shirley Shao, *Chairperson*

Valuation Law and Manual Team

Michael Boerner, *Chairperson*

Centralized Examination Office Team

Larry Bruning, *Chairperson*

Accounting Practices Work Group

William Hines, *Chairperson*

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

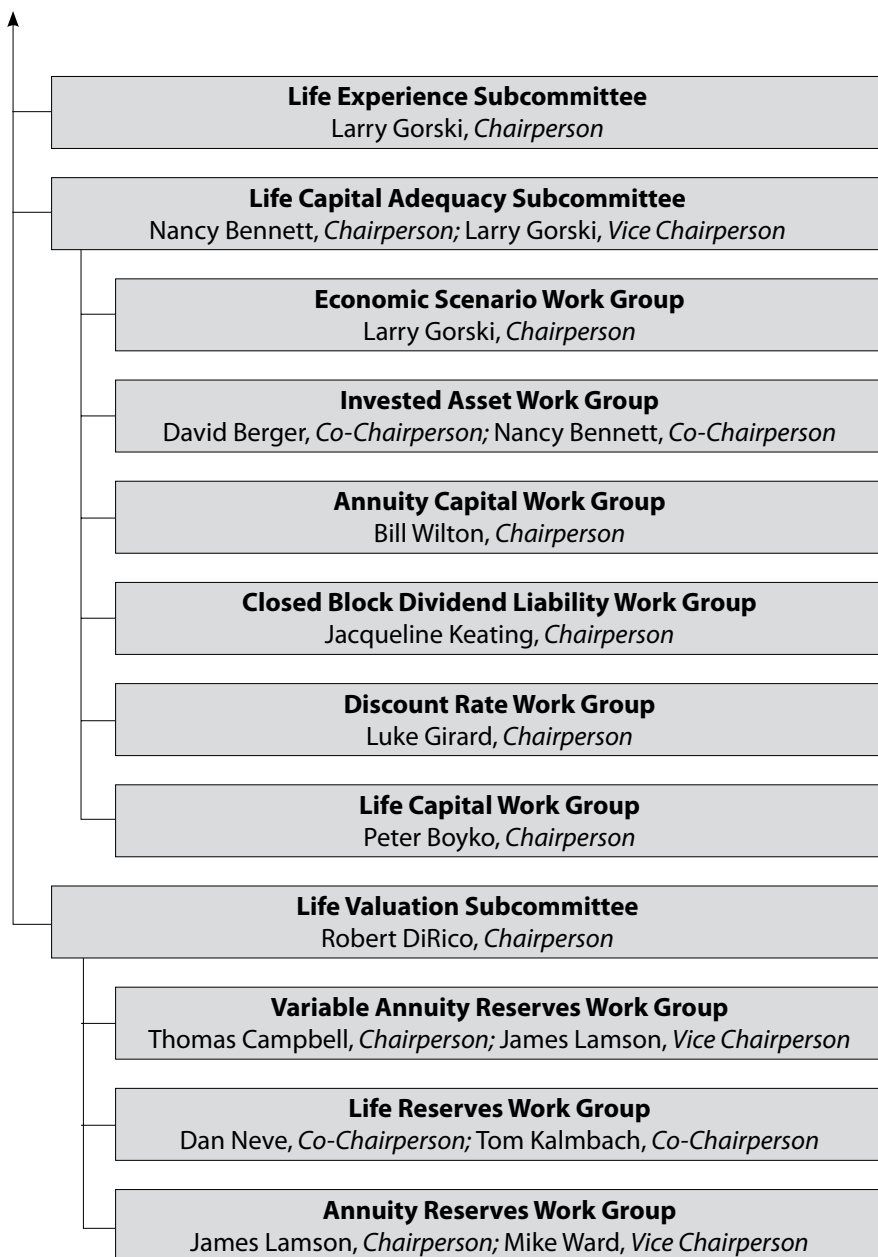
Robert DiRico, *Chairperson*

Standards for Stochastic Methods Work Group

Nancy Bennett, *Chairperson*

Reinsurance Work Group

Sheldon Summers, *Chairperson*



Life Practice Council—2007

The Life Practice Council oversees the Academy's public policy work on life insurance issues. The council manages the work of its committees, task forces, and work groups, which are listed here. As the Academy's vice president for life insurance issues, Dave Sandberg heads the council and serves on the Academy Executive Committee and Board of Directors.

Dave Sandberg, *Vice-President*

Tom Campbell, *Vice-Chairperson*

Larry Gorski, *Vice-Chairperson*

Nancy Bennett

Mike Boerner

Larry Bruning

Cecil Bykerk

Eric Carlson

Donna Claire

Robert DiRico

Tom Kalmbach

Jim Lamson

Ken LaSorella

Barbara Lautzenheiser

John MacBain

Bob Meilander

Dave Neve

Cande Olsen

Arthur Panighetti

Ed Robbins

Shirley Shao

Sheldon Summers

Bob Wilcox

Darin Zimmerman

Amanda Yanek, Staff Liaison

Darin Zimmerman, *Chairperson*

Ken LaSorella, *Vice-Chairperson*

Rod Bubke

Errol Cramer

Robert Frasca

James Garvin

Larry Gulleen

Noel Harewood

William Hines

Edward Jarrett

Patricia Matson

John Morris

James Norman

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 that 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

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.

Douglas Bennett
Eric Carlson
Paul Carmody
Francis de Regnaucourt
Arnold Dicke
David Hippen
Kitty Kennedy
Barbara Lautzenheiser
Jean Liebmann
Tom Rhodes
Linda Rodway
Larry Rubin
Andy Ware
David Weinsier

Amanda Yanek, Staff Liaison

Nonforfeiture Improvement Work Group

John MacBain, *Chairperson*
Noel Abkemeier
Mary Bahna-Nolan
Doug Bennett
Tom Berry
Vernon Brogla
John Bruins
Eric Carlson
Donna Claire
Armand de Palo
Francis de Regnaucourt
Barbara Gold
David Hippen
Alan Igielski
Dan Keating
Kitty Kennedy
Barbara Lautzenheiser
Cande Olsen
Larry Rubin
Gary Scofield
Mike Streck
Eugene Strum
Sheldon Summers
Andy Ware

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 a state, federal, and international level. 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
Larry Bruning
Cecil Bykerk
Katie Campbell
Tom Campbell
Bob DiRico
John Engelhardt
Larry Gorski
William Hines
Tom Kalmbach
Jim Lamson
Barbara Lautzenheiser
Shawn Loftus
John MacBain
Bob Meilander
John Morris
Steve Neill
Dave Neve
Art Panighetti
Dave Sandberg
Albert Sekac
Shirley Shao
Brad Spenny
Sheldon Summers
Scott Wright
Amanda Yanek, Staff Liaison

Tax Work Group

Art Panighetti, *Chairperson*
John Bruins
Armand de Palo
Barbara Gold
Barbara Lautzenheiser
Chuck Miller
Kory Olsen
Jim Reiskytl
David Sandberg
Bruce Schobel
Amanda Yanek, Staff Liaison

Website Work Group

Shawn Loftus, *Chairperson*
Amanda Yanek, Staff Liaison

Regulatory Interface, Governance and Peer Review Work Group

Shirley Hwei-Chung Shao, *Chairperson*
Tom Bakos
Michael Boerner
Larry Bruning
Cecil Bykerk
Katie Campbell
Tom Campbell
Donna Claire
Helen Galt
Frank Irish
Kerry Krantz
Barbara Lautzenheiser
Michael Mayberry
Bob Meilander
Dave Neve
Tom Rhodes
Link Richardson
John Rink
Dave Sandberg
Kristin Schaefer
Naryan Shankar
Sheldon Summers
Amanda Yanek, Staff Liaison

Valuation Law and Manual Team

Mike Boerner, *Chairperson*
Anthony Amodeo
Stewart Ashkenazy
Mark Birdsall
Larry Bruning
Katie Campbell
Donna Claire
Steve Clayburn
Rich Daillak
Bob DiRico
John Engelhardt
Judy Evans
Alice Fontaine
Mark France
Larry Gorski
Jim Hawke
Norm Hill
Pam Hutchins
Frank Irish
Corinne Jacobson
Leslie Jones
Dan Keating
Kerry Krantz
Barbara Lautzenheiser
Shawn Loftus
Dwayne McGraw
Russell Menze
John Miller
Eddie Mire
Tom Nace
Dave Neve
Josée Piché
Jonathan Pollio
Tracey Polsgrove
Tom Rhodes
Dave Sandberg
David Scheinerman
Bill Schwegler
Al Sekac
Karen Slawinsky
Jo Beth Stephenson
Randall Stevenson
Sheldon Summers
Mike Villa
David Whittemore
Amanda Yanek, Staff Liaison

Centralized Examination Office Team

Larry Bruning, *Chairperson*

Jeff Beckley

Mike Boerner

Katie Campbell

Margaret Cheng

Donna Claire

Arnold Dicke

Michael Dossett

Alice Fontaine

Peter Gourley

Carl Harris

Kerry Krantz

Barbara Lautzenheiser

Richard Marcks

Mike Mayberry

Dwayne McGraw

Mary Miller

Dave Neve

John Purple

Dave Sandberg

Kristin Schaefer

Brad Spenney

Jo Beth Stephenson

Randall Stevenson

Peter Weber

Al Zlogar

Amanda Yanek, Staff Liaison

Accounting Practices Work Group

William Hines, *Chairperson*

Donna Claire

James Miles

Amanda Yanek, Staff Liaison

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

Robert DiRico, *Chairperson*

Tom Campbell

Donna Claire

Jim Lamson

John Morris

Dave Neve

Dave Sandberg

Bill Wilton

Amanda Yanek, Staff Liaison

Standards for Stochastic Methods Work Group

Nancy Bennett, *Chairperson*

Philip Barlow

Larry Bruning

Tom Campbell

Donna Claire

Steve Craighead

Larry Gorski

Andrew Kennedy

Jim Lamson

Craig Morrow

Andy Rallis

Max Rudolph

Dave Sandberg

Bill Schwegler

Steve Strommen

Sheldon Summers

Mike Ward

Bob Yee

Amanda Yanek, Staff Liaison

Reinsurance Work Group

Sheldon Summers, *Chairperson*

Clifford Angstman

Mary Bahna-Nolan

Mike Boerner

Tom Campbell

Larry Carson

Donna Claire

Richard Daillak

Michael Davlin

Arnold Dicke

Alan Dicke

Vincent Pat Gallagher

Mary Ellen Luning

Dean Nelson

Wayne Stuenkel

Diane Wallance

Amanda Yanek, Staff Liaison

Life Experience Subcommittee

Larry Gorski, *Chairperson*

Amanda Yanek, Staff Liaison

Life Capital Adequacy Subcommittee

Nancy Bennett, *Chairperson*
Larry Gorski, *Vice Chairperson*
David Berger
Peter Boyko
Martin Claire
Todd Erkis
David Fridell
Luke Girard
Jerry Holman
Corinne Jacobson
Ann Kallus
Jacqueline Keating
Robert Meilander
Craig Morrow
Hubert Mueller
Keith Osinski
Max Rudolph
Keith Vande Vrede
George Wahle
Bill Wilton
Mike Zurcher
Amanda Yanek, Staff Liaison

Economic Scenario Work Group

Larry Gorski, *Chairperson*
Eric Carlson
William Carmello
Mike Davlin
Doug Doll
Luke Girard
Jim Lamson
Dennis Lauzon
Craig Morrow
Richard Payne
Link Richardson
Max Rudolph
Randall Stevenson
Steve Strommen
Mike Ward
Amanda Yanek, Staff Liaison

Invested Asset Work Group

Nancy Bennett, *Co-Chairperson*
David Berger, *Co-Chairperson*
Philip Barlow
Bryan Boudreau

Scott Christensen
Rodney Clark
Dave Dowrich
Arnold Greenspoon
Chris McMann
Craig Morrow
Keith Osinski
Rich Owens
Scott Robinson
Jose Siberon
Amanda Yanek, Staff Liaison

Annuity Capital Work Group

Bill Wilton, *Chairperson*
Peter Boyko
Richard Combs
Larry Gorski
Jim Lamson
Bob Meilander
Hubert Mueller
Keith Osinski
Andrew Rallis
Amanda Yanek, Staff Liaison

Closed Block Dividend Liability Work Group

Jacqueline Keating, *Chairperson*
Phillip Grigg
Larry Gulleen
Ann Kallus
Robert Lombardi
Robert Lynch
Robert Meilander
Gregory Snider
Amanda Yanek, Staff Liaison

Discount Rate Work Group

Luke Girard, *Chairperson*
Peter Boyko
Mike Davlin
Jeff Fitch
Larry Gorski
Craig Morrow
Amanda Yanek, Staff Liaison

Life Capital Work Group

Peter Boyko, *Chairperson*
Aryeh Bak
Nancy Bennett
Robert Bingham
Bruce Bohlman
Peter Boyko
Martin Claire
Arnold Dicke
Allen Elstein
Barbara Lautzenheiser
Craig Morrow
Dave Neve
Stuart Silverman
Kenneth Vande Vrede
Michael Zurcher
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.

Bob DiRico, *Chairperson*
Tom Campbell
Donna Claire
Larry Gorski
Kerry Krantz
James Lamson
Barbara Lautzenheiser
Jim Lodermeier
John Morris
Dave Neve
Kory Olsen
David Sandberg
Sheldon Summers
Mike Ward
Scott Wright
Amanda Yanek, Staff Liaison

Variable Annuity Reserves Work Group

Tom Campbell, *Chairperson*
Jim Lamson, *Vice Chairperson*
Richard Combs
Andy Eastman
Larry Gorski
John O'Sullivan
Jim Reiskyt
Van Villaruz
Amanda Yanek, Staff Liaison

Life Reserves Work Group

Dave Neve, *Co-Chairperson*
Tom Kalmbach, *Co-Chairperson*
Clifford Angstman
Mary Bahna-Nolan
Aryeh Bak
Jeff Beckley
Phillip Beyer
Ravi Bhandari
Peter Boyko
Cecil Bykerk
Errol Cramer
Keith Dall
Sue Deakins
Armand de Palo
Arnold Dicke
Robert DiRico
Doug Doll
Alan Emmer
Todd Erkis
Gary Falde
Randy Freitag
Bruce Friedland
Elinor Friedman
Carl Friedrich
Dieter Gaubatz
Dall Hall
Barbara Lautzenheiser
Peter Marion
Dennis Martin
Dwayne McGraw
Esther Milnes
Richard Plush
Alan Routhenstein
Karen Rudolph
Lance Schulz

Tomasz Serbinowski
Michelle Smith
Steve Strommen
Wayne Stuenkel
Sheldon Summers
Bill Turner
Adam Vanevenhoven
Michael Villa
Amanda Yaneck, Staff Liaison

Annuity Reserves Work Group

Jim Lamson, *Chairperson*
Mike Ward, *Vice Chairperson*
Andrew Besendorf
Mike Boerner
Larry Bruning
Rod Bubke
Thomas Campbell
Thomas Chamberlain
Ching Chen
Donna Claire
Matthew Clark
Richard Combs
Jim Cristallo
Mike Davlin
Leda DeBarba
Michael Dossett
Michael DuBois
Gary Falde
John Froehle
Randy Gantt
Tim Gaule
Caixia Ge
Jeff Gimbel
Larry Gorski
Sarah Hamid

Sean Hayward
Scott Houghton
George Jennings
William Kling
Geetha Kunchakarra
Lisa Lefkowitz
Craig Likkell
John Luebke
Eric Lynn
Hubert Mueller
Judi Naanep
Tom Nuckols
Chris Oppliger
John O'Sullivan
Chad Padgett
Richard Payne
Chris Peck
Brian Prast
Jason Rabineau
Meredith Ratajczak
Bill Sayre
Matthew D. Schafer
Eric Schwartz
Bill Schwegler
Rebecca Scotchie
Irwin Silber
Martin Snow
Beverly Steinhoff
Mike Streck
Nazir Valani
David Weinsier
Keith Werschke
Marc Whinston
Bill Wilton
Amanda Yaneck, Staff Liaison

The Pension Practice Council in 2006

AFTER MONTHS of negotiation, compromise, and political maneuvering, the House and Senate passed the Pension Protection Act of 2006 in August. When President Bush signed the measure into law shortly thereafter, it marked a milestone in Academy pension reform efforts that had ramped up considerably in the past year.

In the fall of 2005, while differing pension reform bills were making their way through Congress, the Academy's Pension Committee prepared an analysis of provisions in the various bills. Responding to requests from congressional staffers, that analysis was updated in February and Senior Pension Fellow Ron Gebhardtshauer provided continuing behind-the-scenes technical assistance to lawmakers and congressional staff throughout the spring and summer. Following passage of the law in August, the Academy hosted a meeting of actuaries and other employee benefits experts to discuss guidance issues for input to federal agencies working on its implementation. The Academy also joined with the American Society of Pension Professionals and Actuaries, the Conference of Consulting Actuaries, and the Society of Actuaries to sponsor a series of educational webcasts for pension professionals on different aspects of the new law.

While pension reform consumed much of the attention this year, the Academy didn't neglect other issues of importance. In May, the Academy was one of the first stakeholders to protest a Department of Energy decision to eliminate reimbursements to contractors for the cost of providing defined benefit (DB) pension plans for new employees. A month later, the DOE reversed its policy for at least a year in order to study the matter further. The Academy engaged in ongoing discussions with the Government Accounting Office about its November report on cash balance plans and with the Financial Accounting Standards Board about its projects to reconsider accounting for pensions and other post-employment benefits. The Academy also continued to press the Internal Revenue Service for guidance on Circular 230 revisions.

During the year, the Academy offered a Capitol Hill briefing on basic elements of Social Security in April, and a May briefing on the 2006 trustees reports on Medicare and Social Security. In June, the Academy co-sponsored a Capitol Hill briefing with the SOA to present findings from a survey of how people understand and manage retirement risk. The Academy also published issue briefs this year on longevity and retirement policy, on the use of

stochastic models in analyzing Social Security solvency, and on the importance of DB plans in national retirement policy.

Academy staffer Andrew Simonelli confers with Brian O'Konski, Lisa Larsen, and Ed Burrows during Pension Practice Council Capitol Hill visits.



Pension Practice Council:

Donald J. Segal, *Vice President*; Ethan Kra, *Vice Chairperson*

Committee on Pension Accounting

William Sohn, *Chairperson*; Stephen Alpert, *Vice Chairperson*

Committee on Social Insurance

Kenneth Buffin, *Chairperson*

Pension Committee

James Verlautz, *Chairperson*; Chester Andrzejewski, *Vice Chairperson*

Multiemployer Plans Task Force

Eli Greenblum, *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:

Michael Peskin, *Chairperson*

Gordon Enderle, *Co-Vice Chairperson*; Jeremy Gold, *Co-Vice Chairperson*

Joint Program Committee for the Enrolled Actuaries Meeting

David Godofsky, *Chairperson*; Brian C. Donohue, *Vice Chairperson*

Joint Committee on Retiree Health (with Health Practice Council)

Jeffrey Petertil, *Co-Chairperson*; Adam Reese, *Co-Chairperson*

Pension Practice Council—2007

The Pension Practice Council oversees the Academy's public policy work on pension and Social Security issues. The council manages the work of its committees, task forces, and work groups, which are listed here.

Donald J. Segal, *Vice President*

Ethan Kra, *Vice Chairperson*

Stephen Alpert

Chester Andrzejewski

Donald Barnes

Kenneth Buffin

Edward Burrows

Ron Gebhardtsbauer

Jeremy Gold

Eli Greenblum

Joan A. Gucciardi

Emily Kessler

John Parks

Michael W. 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 objec-



tive 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

Kathleen Manning

Tonya Manning

Wendy McFee

Thomas Miano

Bruce Monte, Jr.

Dennis Polisner

James Rizzo

Diana Scott

John Steele

John Stokesbury

Arthur Tepfer

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.

Kenneth Buffin, *Chairperson*

Edward Burrows

Michael Callahan

Eli Donkar

Ron Gebhardtsbauer

Stephen Goss

Eric Klieber

Dimitry Mindlin

Richard Rasiej

Zenaida Samaniego

Bruce Schobel

Sven Sinclair

P.J. Stallard

Kenneth Steiner

Alice Wade

Joan Weiss

Louis Weisz

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 Verlautz, *Chairperson*

Chester Andrzejewski, *Vice Chairperson*

Donald Barnes

Edward Burrows

Gordon Enderle

Ron Gebhardtsbauer

Allen Gorrellick

Dennis Graf

Eli Greenblum

Joan Gucciardi

David Kass

Emily Kessler

Ethan Kra

Lisa Larsen

Christine Mahoney

Gerard Mingione

John Moore

Brian O'Konski

Nadine Orloff

John Parks

Michael Pollack

Donald J. Segal

Lawrence Sher

William Sohn

Judy Stromback

Lawrence Wilson

Sarah Wright

Carolyn Zimmerman

Heather Jerbi, *Staff Liaison*

Multiemployer Plans Task Force

Eli Greenblum, *Chairperson*

Robert Bolton

James Dexter

Ron Gebhardtsbauer

Stanley Goldfarb

Douglas Holden

Kenneth Kent

James McKeogh

John Molinar

Brian O'Konski

Howard Rog

James Shake, Jr.

Samuel Stanley

Peter Verne

Heather Jerbi, *Staff Liaison*

Public Plans Task Force

Lawrence Wilson, *Chairperson*

Brad Armstrong

Deborah Brigham

Leonard Cargill, Jr.

Thomas Cavanaugh

Michael de Leon

Ron Gebhardtsbauer

Lawrence Johansen

Kenneth Kent
Robert May
Martin McCaulay
Robert McCrory
Stephen McElhaney
Robert C. North, Jr.
Althea Schwartz
Ira Summer
Richard Young
Heather Jerbi, Staff Liaison

Retirement Security Principles Task Force

Bruce Schobel, *Chairperson*
Edward Burrows
Mike Callahan
John Gist
Emily Kessler
John Parks
Anna Rappaport
Richard Schreitmüller
Eric Sondergeld
John Turner
Thomas Wildsmith
John Wilkin
Heather Jerbi, Staff Liaison

Stock Options Task Force

Thomas Terry, *Chairperson*
Terry Adamson
Glenn Bowen
Ted Buyniski
Charles Cahill
Wing Wing Chan
Don Delves
Carrie Duarte
Mark Evans
Ron Gebhardtshauer
Albert Johnson
Emily Kessler
John Luff
John McArthur
James McPhillips
John Miller
John Parks
Alan Perry
Stacy Powell

Nicholas Reitter
Larry Rubin
Marcia Sander
Sean Scrol
Donald J. Segal
Lawrence Sher
John Stokesbury
Scott Turner
James Verlautz
Aaron Weindling
Stephen Zwicker
Heather Jerbi, Staff Liaison

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

Michael W. Peskin, *Chairperson*
Gordon Enderle, *Co-Vice Chairperson*
Jeremy Gold, *Co-Vice Chairperson*
Edward Burrows
Daniel Cassidy
Andrew Dansereau
Eric Friedman
Ron Gebhardtshauer
Paul Gewirtz
Malcolm Hamilton
Richard Herchenroether
R. Evan Inglis
Ari Jacobs
Kenneth Kent
Emily Kessler
Eric Klieber
Ethan Kra
Gordon Latter
Gerard Mingione
Raymond Murphy
Robert C. North, Jr.
Jeffrey Petertil
William Reimert
Mark Ruloff
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.

David Godofsky, *Chairperson*
Brian C. Donohue, *Vice Chairperson*
Paul Angelo
Lorraine Dorsa
Mark Ferrin
Bruce Gaffney
David Jarrett
Dean Kepraios
John Lowell
Tonya Manning
Nadine Orloff
Robert Schramm
Donald J. 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

The Council on Professionalism in 2006

IN THE PAST YEAR, the Council on Professionalism and its committees have produced discussion papers, practice note guidelines, and a second exposure draft of revisions to the Academy's Qualification Standards. They have also emphasized the importance of professionalism to actuaries using various forums in their continuing efforts to advance the exceptionally high level of integrity and competence demonstrated by the U.S. actuarial profession.

This year, the Academy joined with the Conference of Consulting Actuaries to offer a series of audiocasts on various professionalism topics, including a February audiocast on the Code of Professional Conduct, a March audiocast on the Morris Report on the U.K. actuarial profession, a May audiocast on "letters of engagement," a June audiocast on activities of the Joint Board for the Enrollment of Actuaries, a July audiocast on peer review, and a November audiocast on Internal Revenue Service Circular 230 and its implications.

In addition, the Academy continued to sponsor the highly regarded annual Life and Health Qualification Seminar, with the November 2005 seminar yielding 78 attendees, and the November 2006 seminar attracting 112 registrants, a record number. The Academy also published several discussion papers on

the topics of peer review, materiality, and the actuary's role in model selection and applications. This year the Academy awarded the prestigious Robert J. Myers Public Service Award to Richard Foster, chief actuary for the Centers for Medicare and Medicaid Services.

In January 2006 the Committee on Qualifications published a second exposure draft of proposed changes to the Qualification Standards for Prescribed Statements of Actuarial Opinion. This draft proposed, among other things, to expand the reach of the Qualification Standards to all Statements of Actuarial Opinions, not just Prescribed Statements. The second exposure draft was developed in response to comments received on the first exposure draft and, among other things, took a more robust approach to continuing education by proposing to change the existing requirement of 24 hours of continuing education (structured and non-structured) per rolling two-year period to 30 hours of continuing education per year with greater flexibility in defining activities that constitute continuing education (i.e. self study). The second exposure draft comment period ended in July 2006 with the Academy receiving over 200 comments from various groups and individuals. The Committee on Qualifications has been reviewing the comments and further action is likely to occur in early 2007.

Council on Professionalism:

Allan Ryan, Vice President

Committee on Actuarial Public Service

Eli Donkar, Chairperson

Committee on International Issues

Curtis Huntington, Chairperson

Committee on Professional Responsibility

Tom Bakos, Chairperson

Committee on Qualifications

Kathleen Riley, Chairperson

Joint Committee on the Code of Professional Conduct

Kenneth Kent, Chairperson

Life and Health Qualifications Seminar Task Force

D. Joeff Williams, Chairperson

Independence Task Force

Council on Professionalism—2007

Allan Ryan, *Vice President*

Joseph Applebaum

Tom Bakos

Cecil Bykerk

Donna Claire

Charles Cook

Eli Donkar

John Gleba

Curtis Huntington

Burton Jay

Kenneth Kent

Dan McCarthy

Neil Parmenter

Kathleen Riley

Kenneth Steiner

Michael Toothman

Lance Weiss

D. Joeff Williams

Mary Downs, *Staff Liaison*

Sheila Kalkunte, *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*

David Gustafson

Elizabeth Hale

Joel Sitrin

Neta Warren

Joan Weiss

Richard Young

Mary Downs, *Staff Liaison*

Thomas Griffin, *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

Mary Downs, *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

Karen Nowiejski

Robert Orean

Anna Rappaport

Carl Shalit

Russell Sutter

J. Kevin Watts

Marc Whinston

Mary Downs, Staff Liaison

Sheila Kalkunte, Staff Liaison

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

Mary Downs, Staff Liaison

Sheila Kalkunte, Staff Liaison

Life and Health Qualifications Seminar Task Force

D. Joeff Williams, *Chairperson*

Donna Claire

Darrell Knapp

Craig Morrow

Bernard Rabinowitz

F. Kevin Russell

Mary Downs, Staff Liaison

Rita Winkel, Staff Liaison

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

Kathleen Riley, *Chairperson*

Nolan Asch

Donna Claire

Mary Frances Miller

Karen Nowiejski

Keith Passwater

Carl Shalit

Henry Siegel

Frank Stone

Mary Downs, Staff Liaison

Katherine Pardee, Of Counsel

Independence Task Force

William Falk

Godfrey Perrott

Alice Rosenblatt

Sheila Kalkunte, Staff Liaison

The Risk Management and Financial Reporting Council in 2006

IN ADDITION TO MONITORING risk management and financial reporting issues affecting multiple practice areas, the Academy's Risk Management and Financial Reporting Council also devoted a lot of time this year to keeping tabs on emerging international regulatory initiatives and domestic efforts to establish some form of federal insurance regulation.

In March, the Academy sent a letter to the International Actuarial Association (IAA) commenting on a preliminary exposure draft of a



Ralph Blanchard, vice chairperson of the Risk Management and Financial Reporting Council, at the 2006 Academy spring meeting.

practice guideline on the disclosure of insurance risk information under international financial reporting standards. In July, the Academy commented to the IAA on draft documents released by the International Association of Insurance Supervisors on asset liability and insurer solvency.

In the area of federal regulation of insurance, the Academy commented in July to the Senate

Banking Committee recommending that any new federal insurance bill include a provision creating an office of the actuary. The Academy's letter was timed to coincide with an opening hearing on the National Insurance Act of 2006, which would create an optional federal charter regulatory system for life and property/casualty insurance by allowing insurers to choose regulation at either the state or the federal level. In its letter, the Academy urged the Creation of an Office of Chief Actuary to supervise the actuarial and solvency requirements of federally regulated insurance companies. In a similar vein, the Academy wrote to the chairmen and ranking members of the House Committee on Financial Services and the House Judiciary Committee to suggest that a bill to streamline regulation of multi-state surplus lines insurance be revised to include actuaries in the definition of qualified risk manager.

The Financial Reporting Committee continued its pattern of meeting annually with various accounting and auditing stakeholders. At a meeting with representatives of the Financial Accounting Standards Board (FASB) in October, the Academy led the discussion on phase 2 of the International Accounting Standards Board's (IASB) insurance contracts project and participated in roundtables about accounting for risk transfer in reinsurance contracts, FASB's fair value option, and FASB/IASB joint exposure drafts on business combinations proposals. In an April meeting with the American Institute of Certified Public Accountants (AICPA), Academy representatives discussed the Academy's principles-based approach to valuation and capital requirements for life and health products, risk transfer in casualty reinsurance, disclosure surrounding actuarial estimates, revenue recognition for Medicare Part D, the AICPA's accounting standard on internal replacements, and current developments in the international accounting arena.

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*

Joint Risk-Based Capital Work Group

Rowen Bell, *Chairperson*

James Reiskyt, *Vice Chairperson*

ERM Task Force

James Rech, *Chairperson*

The Risk Management and Financial Reporting Council—2007

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

Timothy Tongson, *Vice President*

Ralph Blanchard, *Vice Chairperson*

Rowen Bell

Burton Jay

Darrell Knapp

Daniel Kunesh

Robert Miccolis

James Rech

James Reiskyt

David Sandberg

John Schubert

Allan Ryan

Donald J. Segal

Henry Siegel

Andrea Sweeny

Patricia Teufel

James Verlautz

William Weller

Tina Getachew, Staff Liaison

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

Victoria Grossack

Tom Herget

William Hines

Burt Jay

Darrell Knapp

Claudel Laguerre

Kenneth LaSorella

Jinn-feng Lin

Kevin McAllister

Mary Miller

Jay Morrow

Marc Oberholtzer

Marc Slutzky

William Sohn

Stephen Strommen

James Verlautz

Darin Zimmerman

Tina Getachew, Staff Liaison

Best Estimates Work Group

Darrel 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

Tina Getachew, Staff Liaison

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*

Rowen Bell

Nancy Bennett

Ralph Blanchard

Michael Boerner

Robert Brown

Maryellen Coggins

Kris DeFrain

Charles Emma

Melinda Fleet

Alan Ford

Larry Gorski

Ann Kallus

Elise Liebers

Harold Luber

Michael McCarter

Mary Miller

Donna Novak

James Reiskyt

Albert Riggieri

David Sandberg

John Stark

Andrea Sweeny

Tim Tongson

William Weller

Bob Wilcox

Herbert Wolf

Tina Getachew, Staff Liaison

Joint Risk-Based Capital Work Group

Rowen Bell, *Chairperson*

James Reiskyt, *Vice Chairperson*

Ralph Blanchard

Robert Brown

Kay Cleary

Alan Ford

Larry Gorski

Burton Jay

Michael McCarter

William Weller

Tina Getachew, Staff Liaison

ERM Task Force

James Rech, *Chairperson*

Michael Abroe

Doug Brooks

Eduardo Esteve

Barry Franklin

David Ingram

Donald Mango

Beverly Margolian

Max Rudolph

Frank Sabatini

David Sandberg

Shaun Wang

Tina Getachew, Staff Liaison

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 credentials 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 in-

formation 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. Ap-

peals 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:

- A** Associateship in the Casualty Actuarial Society and the Society of Actuaries.
- B** M.S.P.A. or F.S.P.A. in the American Society of Pension Professionals and Actuaries.
- C** Membership in the Conference of Consulting Actuaries.
- D** Fellowship in the Canadian Institute of Actuaries, the Faculty of Actuaries in Scot-

land, the Institute of Actuaries of Australia, and the Institute of Actuaries in Great Britain.

E Enrolled Actuary status under Subtitle C of Title III of the Employee Retirement Income Security Act of 1974.

F 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.

2007 Dues

Dues as approved by the Board of Directors are \$555 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 2007; (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 2006 and do not currently anticipate earning more than \$15,000 in 2007, and who are actively seeking actuarial work or planning to reenter the profession in the future. Members eligible for partial dues waiver will pay \$100 for annual dues.

Dues may be fully waived for members who (d) are totally disabled and anticipate remaining so during 2007; (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, nonpayment of dues, 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.

A 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.

B Academy staff attends meetings and conference calls as appropriate.

C 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.

D 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

- A** All members of the Academy are eligible to serve on committees.
- B** An officer of the Academy should not serve on any committee except in an ex officio capacity.
- C** 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.
- D** 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.
- E** In general, a person should not serve concurrently on more than one standing committee.
- F** 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 non-resident 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 great-

est 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 Acad-

emy. 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 ineligible for election for another term as President or President-Elect.

A retiring Vice President shall not be eligible for re-election as a Vice President at the meeting at which 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 Canada). 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 Commit-

tee 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 Bylaws 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 par-

ticipating 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 consid-

er 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 reappointed 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 Advisors 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 report 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 exclusively 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

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 Asociación Mexicana de Actuarios (AMA), the Asociación 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 among 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 web sites).

This Working Agreement 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 sup-

port 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 publics 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 catalyst for dialogue on key issues facing the North American actuarial profession.
 2. NAAC is to be a facilitator of opportunities for leveraging of resources across 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 forum for information sharing on current and potential activities among the North American actuarial organizations.
 5. NAAC is to be a forum where networking occurs and camaraderie is built among the leaders of the North American actuarial 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 comprised 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 (e.g., location and chairing the local meeting) shall be the responsibility of the host country. The Participating Organizations shall decide how to coordinate the agenda and provide meeting materials 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.

D Legal

When appropriate, the Academy also agrees to make its legal counsel available to NAAC; and to coordinate, upon request, with counsel for the CIA and the Mexican organizations.

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.

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 additional 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 recommend-

ing 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):

- Academy: Executive Director
- ASPPA: Executive Director
- CAS: Executive Director
- CCA: Executive Director
- CIA: Executive Director
- 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, 2006.

- 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 consid-

ered “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 contact 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-member 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

(As adopted by the Board of Directors September 25, 2006)

THE PURPOSE OF PRACTICE NOTES is to provide information to actuaries on current or emerging practices in which their peers are engaged. They are intended to supplement the available actuarial literature, especially where the practices addressed are subject to evolving technology, recently adopted external requirements, or advances in actuarial science or other applicable disciplines (e.g., economics, statistics, or enterprise risk management). Practice notes are not interpretations of actuarial standards of practice nor are they meant to be a codification of generally accepted actuarial practice. Actuaries are not in any way bound to comply with practice notes or to conform their work to the practices described in practice notes.

A practice note is usually written by a group of actuaries who have expertise in the type of practice covered by the practice note. The procedural guidelines set forth below are intended to assist Academy officers, committees, and staff in developing and maintaining practice notes that are effective and timely. These guidelines are designed to promote consistency of quality and style and to ensure that the practices identified in practice notes conform to the actuarial standards of practice and existing legal and regulatory requirements. Nothing in these guidelines is intended to prevent other actuarial organizations from publishing educational materials on current actuarial practices to assist practicing actuaries.

1 Practice Council Oversight: Practice notes are published by the Practice Councils of the Academy with support from Academy officers, staff, committees, task forces and work groups. Committees or task forces of other actuarial organizations and individual actuaries may also assist with the development of practice notes.

2 Initiation of Practice Note Development: Any actuary, other individual or entity may request that the development or revision of a practice note be considered. Such requests may be directed to the appropriate Practice Council for evaluation of need, approval and implementation. The Practice Councils have primary responsibility for monitoring the need for new practice notes and deciding when existing notes should be modified or withdrawn.

3 Authority to Proceed: If a Practice Council determines that a new or revised practice note is desirable in a particular area of practice, the Practice Council Chairperson ("PC Chair") requests that an appropriate committee or task force within the profession develop the practice note. If no such committee or task force exists, the PC Chair is authorized to establish one, consistent with Academy Bylaws.

4 Development Procedures: Practice notes are generally developed by a committee or task force and are 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 chair with concurrence of the PC Chair.

5 Content of Practice Notes: A Practice note may describe one or more methodologies within the known or anticipated range of practices. It would clearly indicate, if applicable, that it covers only certain approaches and that there are, or may be, other methods used in practice. The

practice note should not advocate a particular approach, but rather, describe it. To the extent that there are legitimate differences of opinion among practitioners concerning a particular practice, the practice note should describe the practice and indicate the existence of the difference of opinion; however in no event shall a practice note describe practices that the committee knows to be in use but collectively considers to be inappropriate.

- 6 Required Disclosures:** Each practice note should begin with a paragraph as follows:

This practice note is not a promulgation of the Actuarial Standards Board, is not an Actuarial Standard of Practice, is not binding upon any actuary and is not a definitive statement as to what constitutes generally accepted practice in the area under discussion. Events occurring subsequent to this publication of the practice note may make the practices described in this practice note irrelevant or obsolete.

Additionally, the paragraph should identify the committee within the Academy that developed the practice note. Blanket sponsorship by the Academy should not be stated or implied.

- 7 Consensus:** The committee chairperson should seek a general consensus of the committee members concerning the content of the practice note. If there is substantial lack of consensus, the committee chairperson should so advise the PC Chair

and seek further instruction on how to proceed.

- 8 Review Procedures:** No practice note may be released without appropriate peer review. At a minimum, the PC Chair and one or more of his or her designees should review practice notes. If the PC Chair is involved in drafting the document, he or she shall designate two Council members who were not part of drafting the document for peer review. All practice notes must receive legal and editorial review by the Academy staff to confirm legality and consistency with standards of practice, other practice notes, and Academy policies.

- 9 Final Approval:** The ultimate decision to issue a practice note rests with the PC Chair. When the development of a practice note involves issues of major significance, the PC Chair should consult with the Academy Executive Director or President before releasing the practice note.

- 10 Production and Distribution:** Academy staff handles production and distribution of final practice notes. Distribution may vary depending on the audience for the notes.

- 11 Periodic Review:** The PC Chair will initiate a Practice Council review of existing practice notes on a regular basis for relevance, purpose, and completeness, and will arrange for the practice notes to be updated or withdrawn as the Practice Council determines is appropriate.

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:

➤ Establishing, maintaining, and enforcing

high professional standards of actuarial qualification, practice, and conduct,

➤ Assisting in the formulation of public policy by providing independent and objective information, analysis, and education, and

➤ 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 Execu-

tive 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 2006, 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 non-voting class of membership, the designated affiliate, for enrolled actuaries. In 1979, the bylaws were changed to eliminate 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 Con-

duct. These precepts were intended to be a common code of ethical tenets for all organizations 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 adopted, 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 2006 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 Governmental 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 Reiskyt
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 Reiskyt
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 Reiskyt
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

2005-2006

PRESIDENT	Peter Perkins
PRESIDENT-ELECT	Steven Lehmann
SECRETARY-TREASURER	John Parks
VICE PRESIDENTS	Michael Abroe
	Mary D. Miller
	David Sandberg
	Geoffrey Sandler
	Donald J. Segal
	Timothy Tongson

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 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
- 2006 Frank Irish



Academy President Steven Lehmann (left) presents the 2006 Jarvis Farley Service Award to Frank Irish.

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 committees, 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
- 2006 Richard Foster



Academy Immediate Past President Peter Perkins (right) presents the 2006 Robert J. Myers Public Service Award to Richard Foster.

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.

Electronic Newsletter

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, asples@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 subscription purchases. In 2007 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 completed its critical analysis of the challenges and opportunities facing the U.S. actuarial profession in 2006. The CRUSAP website contains the final report and background information on CRUSAP.

Contact: Anne Asplen, managing editor of Internet and new media, (202) 785-7864, asplen@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 softcover 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 October 2006, the Academy held the second 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 actu-



David Walker, U.S. Comptroller General, was featured luncheon speaker at the 2006 Academy Spring Meeting.

arial organizations to provide continuing education (CE) to members; 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.

Media Relations

As debate on pension reform intensified over the course of the year, Academy Senior Pension Fellow Ron Gebhardtsbauer was the go-to resource on pension issues, appearing several times on PBS' "Nightly Business Report," on National Public Radio's "Morning Edition" and "All Things Considered," and on BBC's World

Service radio program, "World Business Review." In the past 12 months Gebhardtsbauer also was quoted in various articles that ran in a number of outlets, including The Wall Street Journal, USA Today, The Washington Post, and The Los Angeles Times.

Other Academy spokespersons also were active. Academy Pension Vice President Donald J. Segal was interviewed on CNBC's "Closing Bell," and was quoted in The Washington Post. The comments of Michael McCarter, chairperson of the Academy's Terrorism Risk Insurance Subgroup, were carried on the Reuters wire and reported in an article in BestWeek. And Academy Mass Torts Subcommittee Chairperson Jennifer Biggs was quoted in a July Financial Times article on federal solutions to the asbestos crisis. On the life side, the Academy's principles-based project garnered continuing coverage in trade publications such as the National Underwriter and on BestWire and was the subject of an article in The Wall Street Journal in May. To help with the growing number of media inquiries, the Academy offered three media training sessions in 2006. The Academy's official spokesperson program has trained 48 volunteers, including representatives from the Casualty Actuarial Society and the SOA.



Ron Gebhardtsbauer, Academy Pension Fellow is interviewed by National Public Radio.

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 2006. 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 professionalism 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 Chris Robichaux (robichaux@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: Kevin Cronin

Executive Assistant: Jeannette Richardson

Communications



Director: John Schneidawind

Meeting Planner and Executive Assistant: Denise Winston

Administrative Assistant: Tarita Leftwich

Assistant Director for Public Affairs: Chris Robichaux

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: Cindy Johns

Web Master: Vacant

Assistant Director, Technology: Chris Cassidy

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 of Professionalism: Mary Downs

Senior Staff Attorney: Thomas Griffin

Assistant General Counsel: Sheila Kalkunte

Of Counsel: Kit Pardee

Legal Assistant: Rita Winkel

ABCD

Senior Staff Attorney: Thomas Griffin

Assistant General Counsel: Sheila Kalkunte

Of Counsel: Kit Pardee

Legal Assistant: Rita Winkel

ASB

General Counsel and Director of Professionalism: Mary Downs

ASB Program Manager: Joe Vallina

Standards Editor: Erica Kennedy

Editorial/Administrative Assistant: Doreen Evans

Public Policy



Director: **Craig Hanna**

Senior Health Fellow: **Cori Uccello**

Senior Pension Fellow: **Ron Gebhardtsbauer**

Casualty Policy Analyst: **Lauren Pachman**

Health Policy Analyst (Federal): **Vacant**

Health Policy Analyst (State): **Geralyn Trujillo**

Life Policy Analyst: **Amanda Yanek**

Senior Pension Policy Analyst: **Heather Jerbi**

Risk Management and Financial Reporting Policy Analyst: **Tina Getachew**

Administrative/Legislative Manager: **Kasha Shelton**

Legislative Assistant: **Samuel Genson**

Administrative Assistant: **Phillip Hafler**

Academy website: **www.actuary.org**

Staff e-mail addresses: **[last name]@actuary.org**

Telephone: **202 223 8196**

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Membership Administration

Kathleen Callahan

Membership Operations Coordinator

1100 Seventeenth Street, N.W.

Seventh Floor

Washington, D.C. 20036

The Actuarial Standards Board

THE ACTUARIAL STANDARDS BOARD (ASB) was established on July 1, 1988, as an entity within the Academy. It operates independently in establishing standards with Academy staff support. The ASB has the sole 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.

Since October 2005, the ASB has exposed a number of proposed and revised ASOPs and adopted several revised ASOPs. The ASB also hosted a two-hour information-gathering session at the Academy's May 16, 2006 Spring Meeting to elicit feedback on its general procedures and on the ASOPs.

Chaired by ASB Chairperson Cecil Bykerk, the open hearing featured discussions on several issues, including how to define generally accepted practice and the role of the ASB in maintaining and restoring trust in the profession. Lawrence Sher, ASB vice-chairperson, and Robert Miccolis, a former member of the ASB, joined Bykerk in representing the ASB at the open hearing.

Actuarial Standards Board

Cecil Bykerk, *Chairperson*

Lawrence Sher, *Vice Chairperson* Godfrey Perrott, *Vice Chairperson*

Casualty Committee of the ASB

Patrick Woods, *Chairperson*

Subcommittee on Ratemaking

Beth Fitzgerald, *Chairperson*

Subcommittee on Reserving

Raji Bhagavatula, *Chairperson*

General Committee of the ASB

Thomas Custis, *Chairperson*

Task Force to Revise ASOP No. 38

Burton Jay, *Chairperson*

Health Committee of the ASB

Paul Fleischacker, *Chairperson*

Task Force to Revise ASOP No. 3

Molly Shaw, *Chairperson*

Task Force to Revise ASOP No. 16

Mary Murley, *Chairperson*

Life Committee of the ASB

Charles Carroll, *Chairperson*

Task Force to Revise ASOP No. 24

Michael Cioffi, *Chairperson*

Task Force on Principles-Based Reserves

Frank Irish, *Chairperson*

Task Force on Independent Review of Principles-Based Valuations

Charles Carroll, *Chairperson*

Pension Committee of the ASB

David Fleiss, *Chairperson*

Task Force on Enterprise Risk Management

Jennifer Bowen, *Chairperson*

Actuarial Standards Board

Cecil Bykerk, *Chairperson*
Lawrence Sher, *Vice-Chairperson*
Godfrey Perrott, *Vice-Chairperson*
Albert Beer
William Cutlip
Alan Ford
David Kass
Robert Meilander
Karen Terry
Mary Downs, Staff Liaison
Joe Vallina, Staff Liaison
Erica Kennedy, Staff Liaison

Casualty Committee of the ASB

Patrick Woods, *Chairperson*
Steven Armstrong
Raji Bhagavatula
Beth Fitzgerald
Bertram Horowitz
Claus Metzner
David Otto
Karen Terry
Alfred Weller
Erica Kennedy, Staff Liaison

Subcommittee on Ratemaking

Beth Fitzgerald, *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 of the ASB

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

Thomas Custis, *Chairperson*
Michael Abroe
Charles Bryan
Peter Hendee
Eric Lofgren
Chester Szczepanski
Joe Vallina, 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
Martin Simons
James Turpin
Joe Vallina, Staff Liaison

Health Committee of the ASB

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

Paul Fleischacker, *Chairperson*
Michael Abroe
Gary Brace
Robert Cosway
James Gutterman
John Lloyd
Molly Shaw
John Stark
Erica Kennedy, Staff Liaison

Task Force to Revise ASOP No. 3

Molly Shaw, *Chairperson*
Dave Bond
Gary Brace
Gary Teitel
Darryl Wagner
Gregory Zebolsky
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 the procedures of the ASB, this committee develops actuarial standards of practice that apply to actuaries in life insurance area.

Charles Carroll, *Chairperson*
Jeremy Brown
Michael Cioffi
Dale Hagstrom
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

Task Force on Principles-Based Reserves

Frank Irish, *Chairperson*
Arnold Dicke
Allan Ryan
Esther Milnes
Robert Stein
Michael Streck
Erica Kennedy, Staff Liaison

Task Force on Independent Review of Principles-Based Valuations

Charles Carroll, *Chairperson*
Jeremy Brown
Frank Irish
Jacqueline Keating
John Morris
Erica Kennedy, Staff Liaison

Pension Committee of the ASB

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

David Fleiss, *Chairperson*
Mita Dimitrije Drazilov
David Friedlander
Peter Gutman
A. Donald Morgan
Timothy Ryor
Frank Todisco
Joe Vallina, Staff Liaison

Task Force on Enterprise Risk Management

Jennifer Bowen, *Chairperson*
Renee Cassel
James Hall, III
Claus Metzner
John Stark
Suzanne Wille
Joe Vallina, 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

Lawrence Johansen, *Chairperson*
William Falk, *Vice-Chairperson*
Michael Toothman, *Vice-Chairperson*
Linda Bell
Kurt Piper
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 Experience 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 investigation on qualifications, actuarial standards, and ethics
Provider	Academy Board of Directors	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: • Life • Health • Pension • Casualty	All four major practice areas: • Life • Health • Pension • Casualty	NAIC Annual Statement Opinions for • 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	Actuarial Compliance Guidelines	Academy Bylaws (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: • 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 organization 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 circum-

stances 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 vio-

lation 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.