

Actuarial Board  
for Counseling  
and Discipline

# Annual Summary of Activities



2024

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# Chairperson's Letter

The Actuarial Board for Counseling and Discipline ("ABCD") conducted its regular activities in 2024 and continued its outreach initiatives to further advance professionalism.

Regarding regular activities in 2024, the ABCD handled 108 cases, which included 96 requests for guidance ("RFGs") and 12 inquiry cases; an inquiry case is commenced when a complaint is initiated against an actuary. In 2024, the ABCD had six new inquiry cases and closed seven inquiry cases. Of the closed inquiry cases, two were dismissed, two were dismissed with guidance, two resulted in counseling, and one was resolved with a recommendation for discipline. A chart showing the number of cases handled by the ABCD, including inquiry cases and RFGs, since its inception in 1992 is included in this report.

RFGs are supportive communications between requesters and the ABCD. 2024's 96 RFGs continue the strong use of this valuable service by actuaries. The most common RFG is between a requester and an individual ABCD member. The ABCD member provides a professionalism ear to the issue posed by the requester and then offers guidance. Individual RFGs are kept confidential. Occasionally, a written request is submitted to the whole ABCD with the intention of disseminating guidance to the profession broadly. This type of RFG and the ABCD response are carefully vetted. Both the RFG and the ABCD response are published so to advance professionalism of all actuaries.

Inquiry cases commence when complaints are submitted for ABCD consideration. Not all complaints lead to an investigation and/or result in a hearing. For complaints that are subject to investigation and a hearing, the ABCD conducts the hearing, deliberates, and either dismisses, counsels, or recommends a level of discipline to the subject actuary's organization(s). The ABCD does not administer discipline.

Regarding other initiatives, the ABCD conducted 20 presentations, both virtually and in person, for actuarial organizations, annual conferences, and firms in all major regions of the U.S. Of note, ABCD members Al Beer and Cande Olsen conducted a well-received mid-year webinar on the RFG service. And, as has become custom, the ABCD ended 2024 with its year-end "Tales From the Dark Side" webinar that was conducted by the three new 2025 ABCD chairs: Chairperson William Hines and Vice Chairpersons Shawna Ackerman and April Choi.

Finally, the ABCD members continued to draft prudent articles in the American Academy of Actuaries' *Contingencies* magazine which can be accessed from this link: <https://www.abcdboard.org/resources/code/>.

John J. Schubert  
2024 ABCD Chairperson

# Summary of Alleged Violations

There were 12 inquiries in process with the ABCD during 2024, based on either complaints or adverse information. Seven of these were disposed of during 2024. While detailed information cannot be released about any of these inquiries, the table below provides a summary of the major issue areas into which the alleged violations of the Code of Professional Conduct fall. Note that some inquiries involve multiple issues. Note also that an ABCD disposition of discipline means the ABCD recommended discipline to the appropriate organization(s).

Major Issue Alleged	ABCD Disposition in 2024					Active on 12/31/24			TOTAL
	Discipline	Counsel	Dismiss	Mediate	Total	Initiated before 2024	Initiated in 2024	Total	
<b>Precept 1:</b> Failure to act with integrity		1	3		4	1		1	5
Failure to perform services with competence	1	2	4		7	1	1	2	9
Failure to uphold the reputation of the actuarial profession	1	2	4		7	2	2	4	11
<b>Precept 2:</b> Performing work when not qualified	1		1		2	1	2	3	5
<b>Precept 3:</b> Work fails to satisfy an ASOP(s)	1	1	2		4		1	1	5
<b>Precept 4:</b> Inadequate actuarial communication	1				1				1
<b>Precept 5:</b> Failure to identify principal, capacity of service									
<b>Precept 6:</b> Failure to disclose direct & indirect material compensation									
<b>Precept 7:</b> Conflict of interest violation									
<b>Precept 8:</b> Failure to take reasonable steps to prevent misuse of work product									
<b>Precept 9:</b> Disclosure of confidential information									
<b>Precept 10:</b> Failure to perform services with courtesy & professional respect & cooperate with others in principal's interest									
<b>Precept 11:</b> False or misleading advertising						2		2	2
<b>Precept 12:</b> Improper use of title and designation						1		1	1
<b>Precept 13:</b> Failure to report apparent, unresolved material violation									
<b>Precept 14:</b> Failure to respond promptly, truthfully, & fully to the ABCD									

# 2024

## Some of the Material Violations Alleged:

- Engaging in conduct that reflected adversely on the actuarial profession.
- Providing actuarial services when not in compliance with continuing education requirements.
- Failing to act with skill and care when evaluating the reserves for a short-term care line of business.
- Violating ASOP No. 22, *Statements of Actuarial Opinion Based on Asset Adequacy Analysis for Life Insurance, Annuity, or Health Insurance Reserves and Other Liabilities*, by not properly considering moderately adverse conditions when issuing an opinion that a company's reserves were sufficient.
- Violating ASOP No. 23, *Data Quality*, by not obtaining more claims experience data before submitting an RFP to a prospective client.
- Violating Precept 1 of the Code of Professional Conduct ("Code") by misrepresenting that rates were developed in accordance with a state's rate manual.
- Violating ASOP No. 41, *Actuarial Communications*, by failing to disclose, in a rate filing, the rationale for not considering a prior year's data.
- Failing to act with skill and care when determining reserves, resulting in the insolvency of an insurance company.
- Violating Precept 2 of the Code by performing an asset adequacy analysis for a product when the actuary did not have the requisite experience or competence.
- Violating Precepts 3 and 4 of the Code by not adequately documenting the rationale for selecting certain assumptions and material departures from ASOPs.
- Violating ASOP No. 17, *Expert Testimony*, by failing to use reasonable assumptions and methods and failing to follow applicable laws and regulations when providing an expert opinion during the course of a lawsuit.
- Providing health-related actuarial valuation services when not qualified to do so.
- Issuing a Statement of Actuarial Opinion when not in compliance with continuing education requirements.
- Failing to perform relevant actuarial services with appropriate skill and care in violation of Precept 1 of the Code by committing numerous errors, omissions, and inaccuracies for a client's pension plan.
- Falsely advertising membership in actuarial organizations.
- Performing professional services as an Enrolled Actuary when not qualified to do so.
- Completing and submitting Schedule SBs when not qualified to do so.
- Violating Precept 14 of the Code by not providing unprivileged documents to the ABCD during the course of an investigation.

# 2024

## Inquiries Considered During 2024

		Pending from 2023	Received in 2024	TOTAL
Type of Inquiry	Conduct	1	2	3
	Practice	3	3	6
	Conduct & Practice	2	1	3
	Total	6	6	12
Inquiries by Practice Area	Casualty	1		1
	Health	2	2	4
	Life	2	2	4
	Pension	1	2	3
	Total	6	6	12

## Inquiries Closed

### Disposition by Chairperson and Vice Chairpersons

Dismissed	2
Dismissed With Guidance	2

### Disposition by Whole ABCD

Dismissed	
Dismissed With Guidance	
Counseled	2
Recommendation for Discipline	1

**Total Inquiries Closed:** 7

## SINCE 1992

Since its inception in 1992, the ABCD has completed its cases as follows:

Dispositions	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Dismissed	12	24	9	11	8	11	13	10	5	20	16	7	5	5	1	5	11
Dismissed With Guidance	6	10	3	–	5	1	5	2	8	5	4	2	2	4	1	–	1
Counseled	–	2	8	1	6	2	5	–	2	3	2	4	1	4	3	1	2
Mediated	3	1	1	–	–	–	–	1	–	4	–	1	–	–	–	1	–
Recommended Private Reprimand	–	–	–	–	–	–	–	–	1	1	–	–	–	–	–	–	1
Recommended Public Discipline	–	1	2	–	3	–	1	–	3	–	–	1	–	2	1	1	3
Request for Guidance	8	8	8	10	28	31	22	31	36	21	47	30	46	37	31	35	48
<b>Total</b>	<b>29</b>	<b>46</b>	<b>31</b>	<b>22</b>	<b>50</b>	<b>45</b>	<b>46</b>	<b>44</b>	<b>55</b>	<b>54</b>	<b>69</b>	<b>45</b>	<b>54</b>	<b>52</b>	<b>37</b>	<b>43</b>	<b>66</b>

Dispositions	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	TOTAL
Dismissed	29	16	9	48	10	19	11	9	9	6	12	19	44	4	11	2	431
Dismissed With Guidance	5	1	2	1	2	10	–	1	2	7	1	2	12	6	3	2	116
Counseled	–	–	–	2	8	4	3	2	1	7	5	2	4	2	1	2	89
Mediated	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	12
Recommended Private Reprimand	–	2	–	1	–	–	–	–	–	–	–	1	–	–	–	–	7
Recommended Public Discipline	2	3	2	4	2	4	1	2	3	2	2	–	3	2	1	1	52
Request for Guidance	46	55	55	62	82	90	96	108	104	109	104	127	116	96	119	96	1,942
<b>Total</b>	<b>82</b>	<b>77</b>	<b>68</b>	<b>118</b>	<b>104</b>	<b>127</b>	<b>111</b>	<b>122</b>	<b>119</b>	<b>131</b>	<b>124</b>	<b>151</b>	<b>179</b>	<b>110</b>	<b>135</b>	<b>103</b>	<b>2,649</b>

## 2024 Summary of Request for Guidance—RFGs

ABCD members responded to 96 Requests for Guidance during 2024. While detailed information cannot be released about any of these RFGs, the tables below provide summaries by practice area, by precepts of the Code of Professional Conduct (the Code), and by the major issues involved in these requests. Note that many RFGs involve multiple issues.

	No. of RFGs
<b>Practice Area</b>	
Pension	26
Health	27
Life	16
Property & Casualty	27
<b>Total</b>	<b>96</b>

	No. of RFGs		No. of RFGs
Precept 1	48	Precept 8	11
Precept 2	34	Precept 9	-
Precept 3	33	Precept 10	9
Precept 4	10	Precept 11	-
Precept 5	3	Precept 12	1
Precept 6	1	Precept 13	25
Precept 7	6	Precept 14	1

### Major Issues Include:

#### Professional Integrity/Skill and Care/Reputation of the Profession

- Examining an actuary's responsibility to the public and upholding the reputation of the actuarial profession as stated in Precept 1 of the Code of Professional Conduct ("Code").
- Using the Code as a guide when reviewing a pension plan that appears to have been improperly valued by the prior actuary.
- Explaining actuarial professionalism to non-actuary managers.
- Reviewing the Code when a principal directs an actuary to make a false attestation in a reliance letter to a government health care agency.
- Whether preparing GASB 101, *Compensated Absences*, report falls under actuarial practice.
- Responding to a continuing education audit from the Joint Board for the Enrollment of Actuaries.
- Discussing prescribed assumptions or methods set by law versus those set by another private party.
- Whether filing a lawsuit against an actuarial organization could violate the Code.
- How changes in accounting methodology may affect an actuary's ability to provide reserves estimates.
- How conduct that occurred prior to becoming a credentialed actuary may affect an actuary's credentials.
- Compliance with applicable actuarial standards of practice in another country.

- Signing certifications, involving reinsurers' calculations, to state insurance departments.
- Reviewing the Code and U.S. Qualifications Standards ("USQS") when considering working in a nontraditional actuarial position that may still involve providing actuarial services.
- Disagreeing with other actuaries in a professional manner.
- Reviewing the Code for guidance when an actuary is concerned that underwriters are not charging a rate consistent with a rating manual.
- Actuary's obligations when directed by management not to disclose an error to a client.
- Whether the act of not signing an SAO relieves an actuary from professionalism standards.
- Reviewing the Code when an actuary is considering accepting a volunteer position on a pension board.

#### Qualifications

- Reviewing the Code when an actuary is directed by management to provide an actuarial opinion on a matter the actuary believes she is not qualified to work on.
- Reviewing the USQS before an actuary assists a cannabis firm to validate their savings methodology.
- Reviewing the USQS when a former actuary is considering returning to actuarial profession.
- Reviewing the USQS to determine how to become a qualified health care actuary.

- Evaluating the Code when the actuary is being asked by a client to sign a filing, and the actuary is uncertain if she is qualified to do so.
- Continuing education requirements for signing actuarial opinions.
- Discussing whether a casualty actuary can opine on accident & health reserves.
- Whether a life actuary is qualified to review a pension data extract.
- Whether a predictive analysis course qualifies as continuing education under Specific Qualification Standards.
- Whether a semi-retired actuary who is providing business advice needs to satisfy continuing education.
- Reviewing the USQS to determine how an actuary, who's worked solely on pricing, can become qualified to work on reserving.
- Guidance on the requirements for signing Health incurred but not reported (IBNR) reserves.
- Reviewing the USQS to determine if an actuary is qualified to work in a related practice area.
- Discussing definition of "Organized Activities" under USQS.
- Discussing the "look in the mirror" test when determining whether one's education and experience satisfies general or specific qualification requirements.

## Standards of Practice

- Reviewing ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions* (“ASOP No. 4”), when calculating a Reasonable Actuarially Determined Contribution (“ADC”).
- Validating data provided by another actuary in accordance with ASOP No. 23, *Data Quality*.
- Interpretation of ASOP No. 4 section 2.12 Funding Valuation.
- Whether the valuations for a particular benefit program fall within the scope of ASOP No. 4 or ASOP No. 6, *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions*.
- Discussing requirements of ASOP No. 21, *Responding to or Assisting Auditors or Examiners in Connection with Financial Audits, Financial Reviews, and Financial Examinations*, with an appointed actuary.
- Guidance on ASOP No. 4’s new disclosure requirement regarding the determination of a reasonable actuarially determined contribution (“RADC”).
- Discussing approaches to developing a short-duration health contract incurred but not paid (“IBNP”) using ASOPs No. 5, *Incurred Health and Disability Claims*, and No. 23, *Data Quality*, as guidelines.
- Reviewing ASOP No. 34, *Actuarial Practice Concerning Retirement Plan Benefits in Domestic Relations Actions*, in the valuation of pension benefits for a marital dissolution.
- Discussing the effective dates of new ASOPs.
- Review of ASOP No. 49, *Medicaid Managed Care Capitation Rate Development and Certification for Medicaid*.
- Application of ASOP No. 12, *Risk Classification*, on life insurance products.

## Communication Questions

- Whether stating one’s actuarial credentials during a presentation qualifies the presentation as an actuarial communication.
- Reviewing the Code and ASOP No. 41, *Actuarial Communications*, to address concerns over use of work product

## Conflict of Interest

- Discussing Precept 7 before taking a part-time actuarial consulting position.
- Disclosing potential conflict of interest to principals pursuant to Precept 7.
- Review of Precept 7 and ASOP No. 17, *Expert Testimony by Actuaries*, when an actuary is considering a side-consulting job for a law firm.

## Control of Work Product

- Discussing professionalism standards for actuarial firms and individuals with respect to client document retention.
- Reviewing the Code when an actuary is being hired by an intermediary firm to conduct valuations on behalf of the intermediary firm’s clients.
- Submitting an actuarial communication where the principal wants the identity of the responsible actuary removed.
- Withholding all actuarial and benefit calculation services until the client has paid their outstanding invoices.

## Courtesy and Cooperation

- Reviewing the Code for guidance on how best to deal with a nonresponsive actuary who has been delinquent in turning over client files.
- Reviewing the Code for guidance on how best to deal with an auditing actuary who disagrees with the actuary’s opinions.
- Whether Precept 10 obligates a successor actuary to contact the prior actuary on a matter of disagreement.

## Duty to Report

- Whether an actuary filing a complaint with the ABCD could subject the actuary to a counter-complaint.
- ABCD jurisdiction over actuaries who are no longer members of an US-based actuarial organization.
- Filing a complaint against an appointed actuary for issuing a faulty actuarial opinion.
- Reviewing Precept 13’s obligation to file a complaint against another actuary when the complaint may be based on confidential client information.
- Whether the Code applies to an actuarial organization itself.
- How an actuary can professionally respond to another individual who is threatening to file an ABCD complaint against the actuary.
- Reporting an actuary to the ABCD for failure to complete necessary continuing education.
- Filing a complaint against a regulator-actuary.
- Reporting workplace sexual harassment to the ABCD.
- Discussing what Precept 13’s “unresolved” term means.



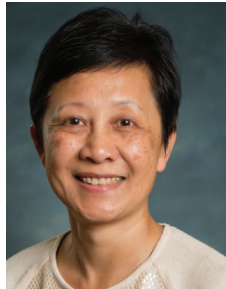
## 2024 Actuarial Board for Counseling and Discipline



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April Choi



Tammy Dixon



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