

## CHAIRPERSON'S LETTER

The Actuarial Board for Counseling and Discipline (ABCD) ended 2008 with the retirement of two of our most senior and experienced colleagues – Larry Johansen, Chairperson and Bill Falk, Vice Chairperson. Their wise counsel and insightful observations will be sorely missed, but their legacy has continuing influence.

The Selection Committee appointed me as the new Chairperson and Julia Philips and Carol Sears as Vice Chairpersons for 2009. Paul Fleischacker (Health Benefit Systems) and Bob Rietz (Retirement Systems) were newly appointed for three year terms.

The ABCD responded to 48 Requests for Guidance during 2008. A summary of the issues considered and the Precepts (from the Code of Professional Conduct) discussed is in an attachment. A Request for Guidance is an opportunity for an actuary or actuarial student to seek advice and guidance about practice or conduct issues. All such requests are treated confidentially, unless the requester specifically allows the ABCD to publish the request.

The results of several requests are often combined to produce generic topics that are presented to the membership through a regular column, 'Up To Code,' published in each issue of *Contingencies*. Through these articles, the ABCD hopes to present to the membership educational material and to make the activities of the Board more transparent.

Actuaries are encouraged to contact the ABCD and ask for assistance with challenges they must address that deal with the Code or the Actuarial Standards of Practice. Members of the ABCD endeavor to respond to these requests promptly and to focus on the specific issues of interest to the requester.

The ABCD received 17 new cases in 2008, about equally split between issues of conduct and practice. It completed work on 18 cases, a significant increase over the numbers processed in previous years. The number of pending cases is slightly below the numbers seen in previous years. An attachment has more details.

At the request of the Council of U.S. Presidents (CUSP), there is currently a Task Force actively looking at possible changes in the responsibilities of the ABCD and the processing of potential disciplinary cases. Members of the ABCD are actively participating in the activities of this Task Force.

The ABCD is aware that many members of the profession do not fully understand how the ABCD operates. When one attempts to balance legitimate requests for transparency with the stated requirements for confidentiality, a natural tension develops. Because of due process concerns, the Board, following current rules, tends to favor exercising the care necessary to maintain confidentiality.

In order to make the work of the ABCD more transparent to the membership, individual ABCD members are making active efforts to participate in regional meetings of Actuarial Clubs and Forums, as well as the regularly scheduled meetings organized by the U.S. actuarial organizations.

If you, as a member of an actuarial organization, have any specific questions or concerns about the activities of the ABCD, please contact a member of the ABCD.

Curtis E. Huntington  
14 May 2009

## CASES\* CONSIDERED DURING 2008

Type of Case	Pending from 2007 and Earlier	Received in 2008	Total
Conduct	12	9	21
Practice	5	7	12
Conduct & Practice	3	1	4
Requests for Guidance	1	47	48
Total	21	64	85

Cases by Practice Area	Pending from 2007 and Earlier	Received in 2008	Total
Casualty	9	9	18
Health	0	14	14
Life	5	7	12
Pension	7	34	41
Total	21	64	85

\* Including requests for guidance

## CASES CLOSED

### Action by Individual ABCD Members

Replied to requests for guidance 48

### Disposition by Chairperson and Vice Chairpersons

Dismissed 8

(Referred to Investigators in 2008: 5)

### Disposition by Whole ABCD After Investigation

Dismissed 3

Dismissed with guidance 1

Counseled without hearing 1

Counseled after hearing 1

Recommended private reprimand 1

Recommended public reprimand 1

Recommended Expulsion 2

---

**Total Cases Closed (including requests for guidance)** 66

## CASES IN PROGRESS (AS OF 12/31/08)

Pending disposition 1

Pending investigation 6

Pending receipt of more information (from complainant, subject, other) 7

Cases suspended 5

---

**Total Cases in Progress** 19

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	Total
Dismissed	12	24	9	11	8	11	13	10	5	20	16	7	5	5	1	5	11	173
Dismissed with guidance	6	10	3	—	5	1	5	2	8	5	4	2	2	4	1	0	1	59
Counseled	—	2	8	1	6	2	5	—	2	3	2	4	1	4	3	1	2	46
Mediated	3	1	1	—	—	—	—	1	—	4	—	1	—	—	—	1	0	12
Recommended private reprimand	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	0	1	3
Recommended public discipline	—	1	2	—	3	—	1	—	3	—	—	1	—	2	1	1	3	18
Replied to requests for guidance	8	8	8	10	28	31	22	31	36	21	47	30	46	37	31	35	48	477
<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>	<b>788</b>

## 2008 Summary of Requests for Guidance

The ABCD members responded to 48 requests for guidance during 2008. While detailed information cannot be released about any of these RFGs, the table below provides a summary of the major issues involved in these requests. Note that many RFGs involve more than one issue.

	<b>Issue</b>	<b>Number</b>
General:	How do I deal with an unhappy client?	1
	When more than one actuary contributes to an actuarial report, what is the best way to disclose the various relationships to the principal?	1
Precept 1:	What kind of support do I provide in a litigation situation?	1
	How do I manage newly found data and its impact? withdraw an opinion due to later information?	2
	What level of integrity and courtesy do I owe another actuary in reviewing their work?	1
	What should I do if I suspect my client may use my work improperly?	1
	When and how can I convey confidential information?	1
	Is an actuary subject to the Code during a speech?	1
	What are my responsibilities to my client when I have not been paid for work completed?	2
	How should I rectify a mistake after a period of time has passed?	1
	How do I deal with an unhappy client?	1
	Does the Code require following a practice note?	1
	How can I comply with law and what qualifications do I need?	1
	What if accounting rules are in conflict with actuarial rules?	1
Precept 2:	How do I meet Qualification Standards and when do I need to?	4
	What qualifications do I need to meet to review another's work?	2
	Should I file a complaint?	2
	Should I check the credentials of another actuary?	1
	How can I comply with law and what qualifications do I need?	1
Precept 3:	How should I comply with ASOPs in valuation?	1
	What sort of documentation should I have in a contentious situation? as a rule?	2
	What if accounting rules are in conflict with actuarial rules?	1
	How can I comply with law and what qualifications do I need?	1
	How and when can I digress from ASOPs and properly document the digression?	1
	How do I manage newly found data and its impact? withdraw an opinion due to later information?	2
	What are the legal requirements for opinion language?	1
Precept 4:	What sort of documentation should I have in a contentious situation? as a rule?	1
	How do I comply with ASOPs in valuation?	1

	<b>Issue</b>	<b>Number</b>
	How do I comply with legal requirements?	1
	What relevant facts must be communicated? should be communicated? What if the client is very fee conscious?	2
Precept 6:	When more than one actuary contributes to an actuarial report, what is the best way to disclose the various relationships to the principal?	1
Precept 7:	Which ASOPs apply to confidentiality and possible conflicts of interest?	1
	How do I avoid a conflict of interest due to personal relationship? when working for two principals?	2
Precept 8:	How can I keep control over intent and meaning of a valuation?	1
	Should I check principal's use of a report?	1
	What kind of support do I provide in a litigation situation?	1
	What should I do if I suspect my client may use my work improperly?	1
Precept 9:	What are my responsibilities in keeping documents confidential while travelling? What about in a legal case?	2
	When and how can I convey confidential information?	1
	Which ASOPs apply to confidentiality and possible conflicts of interest?	1
Precept 10:	Where does request for cooperation go too far?	2
	How should I respond to requests for confidential information?	1
	What are my obligations to a successor actuary?	1
	What level of integrity and courtesy do I owe another actuary in reviewing their work?	1
	What kind of support do I provide in a litigation situation?	1
Precept 13:	Should I file a complaint?	5
	Does "resolution" relieve the need to file a complaint?	2
	Does the Code require following a practice note?	1

## 2008 ABCD Members



(from left) front row, Curtis Huntington (Chairperson), Lawrence Johansen, William Falk; back row, Linda Bell, Richard Robertson, Carol Sears, Michael Toothman, Kurt Piper, Julia Philips. Not shown: the late Jack Turnquist.