

CHAIR'S LETTER

During 2004, the ABCD started eleven inquiries into possible violations of the Code of Professional Conduct. This is an increase from 2003 but still below the long term average. On the other hand, the board handled 44 requests for guidance (in which actuaries ask for advice about their own conduct or practice), and this approached the all-time high. It appears that the profession is becoming more aware of our guidance services, and our members will continue to try to answer these requests rapidly and with individual attention to the particular circumstances.

On three of the eleven inquiries, the ABCD tried mediation as a way of resolving the dispute. In such cases, the ABCD has no power to arbitrate or impose a solution but can encourage the parties in a dispute to reach a resolution of their differences.

The ABCD also responded to two sets of hypothetical questions in 2004, one having to do with the limits that pension actuaries should observe on the ways that discount rates are calculated for use in determining FAS 87 and FAS 106 liabilities and the other concerning conflicts of interest. Hypothetical questions have proven difficult and time-consuming for the ABCD, and it is usually impossible to give absolute answers without the extensive background details that are available in a real case. Nonetheless, the ABCD does view responding to these hypothetical questions as an important way to provide guidance to the profession. The ABCD generally seeks and obtains permission to publish these hypothetical questions and answers, thus ensuring the broadest possible dissemination of its guidance.

The ABCD published a revision in its rules of procedure at year end. In a major effort going back more than a year, the ABCD drafted a revision, exposed it for comment to the profession, and carefully considered the 24 letters received. The revision included some clarifying changes to the procedures for guidance, increased protection for anonymous complainants, and improved procedures for starting inquiries on the ABCD's own initiative.

Three valuable members of the board completed their term of service in 2004. Sue Collins will be remembered for her incisive insights into complicated situations. Dave Flynn brought common sense and a deep knowledge of casualty insurance to the work of the ABCD. Howard Phillips showed leadership and an eagerness to tackle the

most difficult of technical issues, such as his analysis of “wearaway” that will never be forgotten by fellow board members. Dave and Howard served as Vice-Chairs of the ABCD. All three will be missed.

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