

Don't Be 'That Actuary'

I'VE BEEN IN THE PENSION CONSULTING FIELD for over 30 years. Most of the countless actuaries I've encountered over the years have exhibited skills and behaviors that I strive to emulate. But others have fallen short of my expectations. From time to time, I reflect on those encounters, and remind myself that I don't want to be "that actuary."

One actuary—actually, more than one—failed to renew membership in one of the actuarial organizations. Maybe it was not seeing the email dues notification, or maybe it was changing jobs and not even getting the email notification, or maybe even thinking your administrative assistant was going to take care of it (OK, I admit it, that one happened to me, and I have the battle scars to prove it). So what's the big deal? Well, Precept 12 of the Code of Professional Conduct talks about appropriate use of credentials—and if you let your membership lapse and are no longer a member of a credentialing organization, then you shouldn't be using that organization's credential. So, at the turn of each calendar year, I remind myself what a hassle it would be to update everywhere I show my credentials, and I take the necessary steps to make sure my credentials are current. I don't want to be "that actuary."

Another actuary had not completed

the continuing education (CE) requirements laid out in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (USQS). I mean, we're all pretty smart; we aren't going to get stupid overnight. What's the harm? Well, actuaries must comply with the USQS before issuing a Statement of Actuarial Opinion (SAO); the USQS and the Code of Professional Conduct are very clear on this matter. Failure to complete the CE requirements makes you unqualified to sign SAOs—period. I've seen actuaries having to find a colleague (who *did* satisfy the USQS) to co-sign—or even to redo—a valuation report. I really don't want to be "that actuary" and have to explain all of that additional effort to my client.

What if the actuary simply forgot to attest that he had satisfied the SOA's Continuing Professional Development (CPD) requirement?¹ No big deal, right? Wrong. Even

though this actuary had satisfied the USQS requirements, if the actuary appears as "non-compliant" with his or her CPD requirement in the Actuarial Directory—which would happen if he or she simply forgot to attest—another actuary may be concerned that he or she may not have satisfied the continuing education requirements of the USQS. To avoid any such appearance of noncompliance with the USQS, each February, I check that I have satisfied my USQS continuing education requirements for the year and that my listing in the Actuarial Directory is up to date—just to make sure there are no misunderstandings. I don't want to be "that actuary."

OK, these examples are really not all that controversial; we all know the right thing to do to maintain our credentials and our continuing education. It just means paying attention to details. But there are other actuaries that I recall from time to time...

I remember one actuary with significant experience consulting in pensions. But none of this actuary's clients had ever gone through settlement accounting. How hard could that be? The actuary came up with an accounting treatment that seemed to make sense and presented it to the client. The client accepted it and prepared financials on that basis. Sounds good, right? Again, not so fast ... pension accounting has some very specific rules for how to account for settlements. And while the approach proposed might have seemed logical, it was actually not consistent with the accounting literature. Now we're talking about Precept 1 (and Annotation 1-1), providing actuarial services with skill and care.

This one actually keeps me awake some nights. How do I know what I don't know? If I do something that seems logical and makes sense to me, isn't that good enough? I wish it were. As actuaries, we often practice in areas that are regulated or where rules are provided by others for us to follow. We need to



know those rules. And if we don't know the rules, or don't understand them, we need to ask someone to help us out. It might be as simple as asking the actuary in the next office, or someone you met at a conference, or even a member of the Actuarial Board for Counseling and Discipline through the Request for Guidance process. I find myself going back to source material all the time to make sure I know what the rules are—and talking with my peers if I'm not sure. It would be really embarrassing to miss a rule and have to explain that to a client. I don't want to be “that actuary.”

And then, there was an actuary—years ago, around when the RP-2000 mortality table was published. In this case, the client was reflecting the much older GA-51 mortality table in financial statements. When asked why the actuary had never updated this assumption, and with the client on the phone, the actuary replied,

“Because the client never told me to.” While the assumptions reflected in financial statements may be prescribed by the client, I'm not sure the client appreciated that the assumptions might have needed to be updated. Was there a specific Precept that addresses this? Perhaps not. And, at the time, the actuarial standards of practice did not have the expectation for actuaries to assess certain prescribed assumptions. Still, I really would want to be proactively educating my clients on changing trends (even if it is a message they may not want to hear) and not be “that actuary.”

These examples are certainly the outliers. As I stated at the outset, the vast majority of actuaries that I've met and worked with are outstanding role models. I am proud to be their peer.

But there are ... these other actuaries. And that's when I have to deal with the tough responsibilities of Precept 13. It's

not easy to reach out to another actuary and discuss such matters. You are putting the actuary on the spot, and the actuary may naturally become a bit defensive. For the most part, though, the actuaries in these examples were embarrassed by the events and worked quickly to resolve the matter. At the end of the day, they actually did appreciate having the discussion with me and assured me that they really did not want to be “that actuary” either. □

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Notes

1. Although there are differences between the CAS and the SOA CPD requirements and the USQS continuing education requirements, both the CAS and the SOA accept fulfillment of the USQS requirements as fulfillment of their CPD requirements. By contrast, compliance with CPD does not necessarily indicate that you have satisfied the USQS and are therefore qualified to issue an SAO.

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