

The ABCD Process from the Inside

The Actuarial Board for Counseling and Discipline (ABCD) performs several functions for the actuarial profession. We are all aware of the public face of the discipline process and recommendations for public discipline. There is, however, another function that is performed behind the scenes. I'm referring to private counseling—the “C” in “ABCD”—as an outcome of a disciplinary complaint or hearing.

While some recipients of such counseling consider it as little more than an annoyance or a slap on the wrist, others take it for what is intended—a frank discussion of what went

wrong in the actuary's work and how to avoid it in the future.

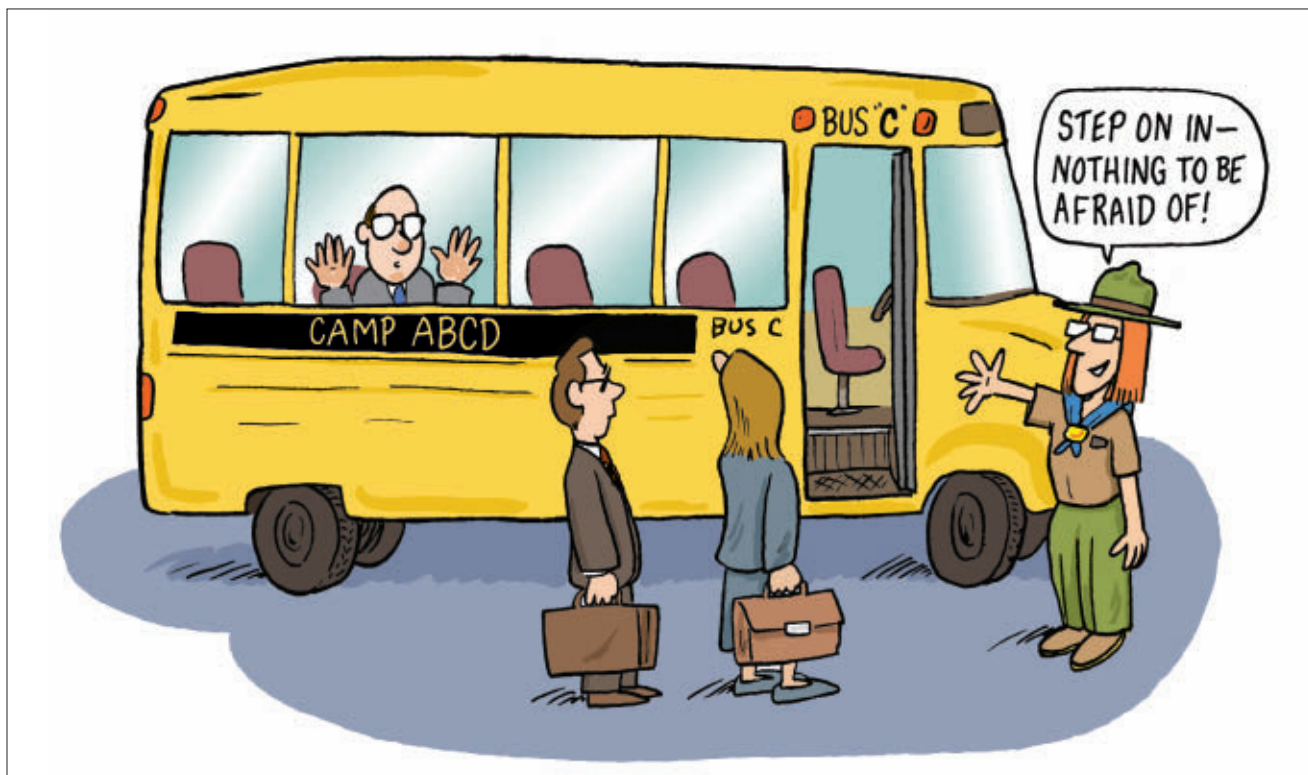
The following article was written by an actuary who found him/herself as the subject of a discipline hearing. The outcome was counseling. In this case the author took the counseling as an opportunity to improve in several ways, and volunteered to share his/her perspective on the process as a service to the other actuaries. As one of the counselors in this case, I was gratified to see such a positive outcome of a difficult process.

—Janet Fagan, Chairperson
Actuarial Board for Counseling and Discipline

ABOUT THREE YEARS AGO, as I was returning from vacation, I received a letter that none of us want to receive. It was a notice that I was the subject of a complaint to the Actuarial Board for Counseling and Discipline (ABCD). Since then, I have learned a lot about myself, my profession, and the work of the ABCD. Ultimately I received confidential counseling from two members of the ABCD. This article provides you with some of the lessons I learned along the way.

Take It All Seriously

Respond to every request for information and attend any hearings in person, if at all possible. No matter how strongly you believe that your work is not in violation of the *Code of Professional Conduct*, much of what we do is subject to interpretation—and there are often two sides



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to a story. Tell your side and be willing to listen to the other side. By doing so, you learn more than you would otherwise and you convey respect for the volunteers and the process. I am always surprised to see that several of the public reprimands have involved someone who didn't respond to the ABCD.

Respect the Volunteers and the Process

ABCD investigations can be lengthy. The profession is fortunate to have a dedicated group of volunteers working to evaluate all complaints and ensure that the *Code* is followed. Their time and energy are critical to the actuarial system of self-governance.

Hire a Lawyer

While in the various meetings with the ABCD or the other actuarial organizations involved, you will be solely responsible for defending your work and your actions. Your lawyer will not be allowed to speak. However, a lawyer can help you understand the process and navigate the paperwork. In addition, he or she can listen to you and help you refine and clarify your message. In the end, a good lawyer can help you state your own opinion clearly. He or she is not there to make your arguments for you.

We Need the Disciplinary Process

The actuarial profession is relatively small, and much of what we do seems opaque to those who are not part of the profession. Because of the highly technical nature of the work, actuaries are uniquely qualified to determine the validity of complaints against fellow actuaries, and indeed we are uniquely qualified to identify when an actuary may have violated the *Code*. Our work doesn't easily reduce to sound bites. For example, readers of this article know that sometimes both 4 percent and 5 percent are within the range of reasonable assumptions, but the results are different. This concept is a difficult one to explain to outsiders. But

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without a robust and effective disciplinary process, at some point the actuarial profession may be legislated such that we have no room for professional discretion. Ultimately we could end up with others besides actuaries determining the validity of complaints.

When I received my first letter from the ABCD, I did what many of us would do: I called my older brother for advice. Interestingly, he started telling me about complaints that he had received as a lawyer as well as complaints my sister has received as a veterinarian. It is expected in those professions that disagreements may lead to complaints and disciplinary discussions or actions. Both my brother and sister are talented, ethical, and hardworking professionals, yet they had been the subject of complaints. In order to keep our profession healthy and independent, we must be willing to bring differences of opinion to light—and we must be willing to discipline our own. We

must also be willing to defend our work and accept consequences if our defense is not successful.

As a result of going through the disciplinary process, I am a better actuary. I approach my work differently and document my work more carefully. Here are a few things I have changed:

- I read the printed copy of the Code of Professional Conduct hanging next to my computer frequently.
- Regardless of the audience, I examine any communication for whether it fulfills the requirements of an actuarial standard of practice (ASOP). I tend to use the ASOP guidelines for more communications than most actuaries would. In general, ASOPs No. 23 and 41 are good practice for any work you are doing.
- I try to improve every report I make over the last version. Sometimes this just means better formatting in my summary of assumptions, but that's part of working for continual improvement in my work product.
- I clearly delineate the role I had in creating an actuarial communication and anything that I might not have done. This includes identifying the source of my data, even if that source is within my own company.
- I try to think of how I would read the document in five years and whether it will have enough information to answer all the questions a reader might have.
- Regardless of my audience, I attribute data and work that I used that was done by someone else.
- I read the Applicability Guidelines every time I start a new project. Based on that reading, I reread the appropriate ASOPs. I do this even if I have performed a similar project many times before.

Do I wish I hadn't had to go through the ABCD discipline process? Yes. But I also learned to stand behind my work and to take responsibility for what I had done. I am proud of the work that I do as an actuary, and I am proud of my profession. □