

Basics of the ABCD

Who, What, When, Where, How, and Why

MOST OF THE WORK THE ACTUARIAL BOARD FOR COUNSELING AND DISCIPLINE (ABCD) does is confidential. It involves responding to requests for guidance on how to comply with the Code of Professional Conduct, and conducting inquiries about possible violations of the Code. Confidentiality protects the actuaries who request guidance and also those actuaries who may be wrongly accused of violating the Code. The annual report the chairperson provides to the membership of the five participating organizations is the only public record of those responses and inquiries (except for occasional articles of general interest to the profession, published with the permission of the actuaries involved). It contains information about the number of requests for guidance and inquiries, divided into categories, but doesn't contain the particulars of any of them.

However, the membership, structure, and process of the ABCD are public. This article provides a glimpse into the ABCD that, I hope, is informative but not tediously detailed. Since I became a member of the ABCD, many of my actuarial colleagues have asked me to describe its operation, without breaching any requirements of confidentiality. This article attempts to answer the most frequent questions, which may be of general interest.

Committee considers the breadth of representation of each practice area in its appointments and looks for members who have exhibited significant, high-level involvement in the profession, especially in a professionalism role.

The ABCD is supported by its senior staff attorney, Tom Griffin, and legal assistant, Rita Winkel, with supervision by General Counsel, Lauren Bloom.

This is the first of a regular column that provides a glimpse into the workings of the Actuarial Board for Counseling and Discipline.

Who?

The ABCD consists of a chairperson, two vice chairs, and six other members who generally serve for two three-year terms. They're appointed by a selection committee that contains representatives of the five actuarial organizations that have delegated professionalism functions such as guidance, investigation, and counseling to the ABCD. These organizations are the American Academy of Actuaries, the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries. The ABCD also serves members of the Canadian Institute of Actuaries who practice in the United States.

In 2006, the chairperson is Bill Falk, the vice chairs are Larry Johansen and Mike Toothman, and the other members are Linda Bell, Ed Burrows, Julia Philips, Dick Robertson, Carol Sears, and Jack Turnquist. The Selection

What?

Under its Rules of Procedure, the ABCD responds to requests for guidance from members and prospective members of the actuarial organizations. In addition, the ABCD considers complaints and questions concerning possible violations of the Code(s) of Professional Conduct. The ABCD may also initiate an inquiry without a complaint if publicly available documents indicate a possible violation.

When?

Requests for guidance can usually be answered immediately or within a few days, unless the requester wants formal guidance from the entire ABCD. In that case, the request usually is answered after the next quarterly meeting. The chair and vice chairs meet regularly to review complaints, and a complaint that's dismissed can usually be resolved within a month or two.

When a complaint isn't dismissed by the chair and vice chairs, the inquiry takes much longer. Due to the need to give plenty of time to provide adequate information, inquiry into some complaints can take one or two years to be completed and come to the ABCD for resolution. In cases where legal action on a related issue is in process, the ABCD frequently suspends the inquiry pending final resolution of the legal action. Except for one case, the practice has been to suspend an initiated case only after the actuary who is the subject of the inquiry has submitted a request

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in writing and agreed to terms required by the ABCD.

Where?

The ABCD meets in a variety of locations across the country. Locations are generally chosen to minimize the travel cost for members and staff.

How?

In conducting an inquiry or recommending guidance, the ABCD relies on the Code of Professional Conduct, which has been adopted uniformly by each of the five actuarial organizations listed above. The Code is a succinct document that lays out in very general terms actuaries' obligations to conduct themselves professionally. The Code also refers specifically to actuaries' obligation to comply with all applicable Actuarial Standards of Practice, a set of documents that gives guidance on specific areas in which actuaries practice.

Under the Rules of Procedure, a ma-

majority of the three officers must decide whether to dismiss a complaint or to conduct further inquiry. When further inquiry is conducted, the chair may appoint an investigator who gathers information and prepares a report. Then the ABCD may hold a fact-finding hearing at which the actuary who is the subject of an inquiry may appear, provide information, and give testimony. After the hearing, if a majority of the ABCD decides to recommend discipline, that recommendation is made to the organization(s) to which the actuary who is the subject of the inquiry belongs. It's that organization, rather than the ABCD itself, that imposes the discipline. The ABCD provides only guidance, investigation, and counseling.

Why?

The ABCD serves the U.S. actuarial profession in two critical ways, in addition to providing guidance. First, the ABCD provides a means to investigate the conduct

of the occasional actuary who has acted unprofessionally, to counsel that actuary on his or her conduct when discipline is not recommended, and to inform the relevant organizations when discipline is recommended.

Second, the ABCD provides a means to investigate the conduct of an actuary who has acted professionally but may have appeared to have acted unprofessionally. The ABCD carefully collects relevant information from the complainant, from public records, and from the actuary who is the subject of the inquiry. Although the disposition of a dismissed complaint is confidential, the ABCD has performed a service to the profession and to the actuary by scrutinizing his or her conduct and determining that it does indeed comply with the Code.

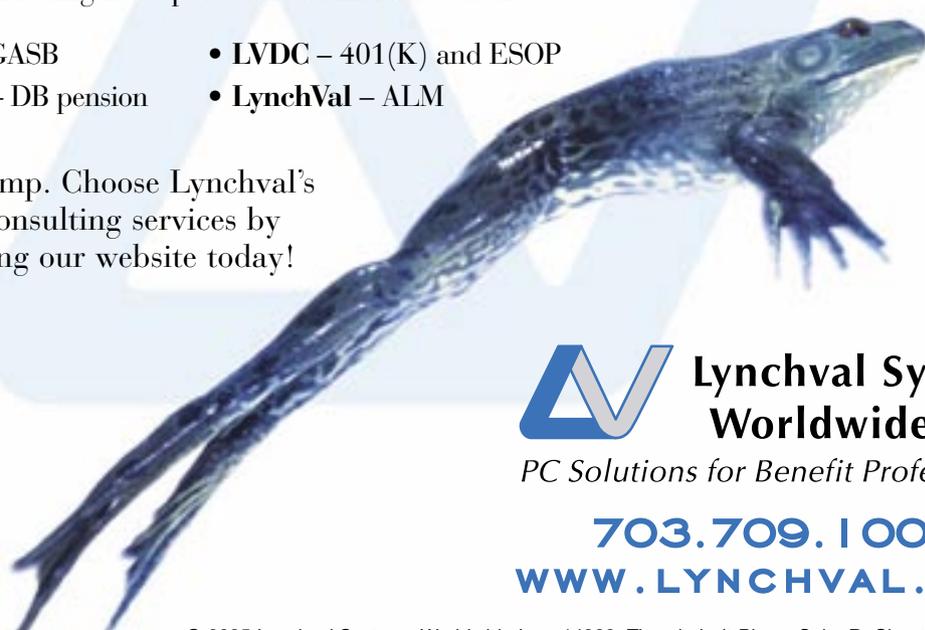
More detailed information and documents are available on the ABCD's website, www.abcdboard.org.

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