

Requesting Guidance From the ABCD

MY PHONE RANG, AND I GRABBED IT.

"I need guidance," said the voice on the other end.

"Um, OK," I responded.

"I saw the Actuarial Board for Counseling and Discipline's e-mail and office addresses on its website, but I'm calling because I need to remain anonymous—at least for now. I just took over as the enrolled actuary for a defined benefit pension plan. The predecessor actuary's valuations and work papers are terrible. I need to know if I have to report him to the ABCD. He's an EA and a member of several actuarial organizations, although you wouldn't think it from looking at his work."

"Could you elaborate?"

He did.

"I'm the staff liaison to the ABCD. I'm a senior staff attorney but not an actuary," I responded. "So, let me ask

you, would you say that he failed in a material way to follow Actuarial Standards of Practice or otherwise materially violated the Code of Professional Conduct?"

"I'd certainly say so," he said.

"You've probably already read Precept 13 of the Code of Conduct, regarding the requirement to report apparent, unresolved, material violations of the code," I continued. "I'd be happy to give you the name and contact information of an ABCD member with experience in pension practice to help you further explore whether the code requires you to report this to the ABCD. Perhaps you already noticed that the names and contact information for ABCD members are posted on the website."

A primary function of the ABCD is to respond to requests for guidance from members of its participating organizations: the American Academy of Actuaries, the American Society of Pension Professionals & Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries.

ABCD members, who are appointed by the Council of U.S. Presidents (CUSP), which is composed of the presidents and presidents-elect of the five U.S. actuarial organizations, represent a wealth of experience in the four traditional practice areas—health, life, pension, and property/casualty—and in diverse types of businesses and government entities. Broadly speaking, they represent the five participating organizations. Individually and collectively, they are an excellent resource for actuaries with questions about ethics and professional conduct.

Members of the profession can contact ABCD members for guidance in any of a number of ways. You can call the ABCD office (202-223-8196); e-mail the ABCD through a series of links on the website (www.abcd-board.org/guidance) or directly (guidance@abcdboard.org); mail a letter to the ABCD (ABCD, 1100 Seventeenth Street, NW, Seventh Floor, Washington, DC 20036); or call, e-mail, or write a letter directly to an



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individual ABCD member (contact information is available at www.abcdboard.org/about/members.asp). When a letter or e-mail is sent to the ABCD office, it is forwarded on to an appropriate member of the board for response.

While they deal primarily with ethical or conduct issues, ABCD members will also assist with questions on practice and methods. An ABCD member can help you frame issues, consider relevant authorities (Actuarial Standards of Practice, the code, practice notes, etc.), and think about practical considerations. While they won't necessarily supply you with "the answer," they will assist you in arriving at your own conclusions. When a member provides guidance, he or she will offer a caveat by stating that it's his or her personal considered opinion but not necessarily that of the ABCD as a whole.

If you prefer to get the sense of the entire board, you should indicate this when you make your request for guidance. The ABCD usually considers such requests at its quarterly meetings. Accordingly, your response from the group may be delayed, depending on the timing of your request and when the ABCD is next scheduled to meet.

ABCD guidance is confidential, as are the names of any actuaries who seek guidance. When they provide individual guidance, ABCD members generally write a memorandum that articulates the issue(s) and describes the guidance that they have provided. This memorandum is shared with the rest of the board and ABCD staff, who then file it. These memos are maintained in a confidential file for a period of 20 years.

However, confidentiality isn't absolute. In the unlikely event that a court of competent jurisdiction ordered the ABCD to disclose a record of guidance, the ABCD, absent a strong basis for appeal, would be obliged to do so. Further, if the ABCD received a complaint against an actuary to whom guidance was previously provided, and the reported misconduct appeared to be contrary to that guidance, the ABCD would consider the record of guidance in connection with the complaint. Additionally, if someone requesting guidance expressly gave the ABCD permission to publish the request and guidance, that permission would override requirements of confidentiality. Also, the ABCD occasionally publishes information of general interest regarding guidance but without any specific reference to the individual who requested the guidance (like the vignette at the beginning of this article).

Occasionally, the ABCD fields a request from someone who asks for anonymity or doesn't give his or her name. The ABCD determined some time ago that it would try to respond to such requests on the theory that it's better to provide guidance and improve professional conduct than to create an atmosphere in which practitioners with serious issues forgo guidance because they fear the consequences of disclosing their identities.

Remember, the ABCD was established by the U.S. actuarial organizations to strengthen members' adherence to the recognized standards of ethical and professional conduct. Do you have a complaint about a possible violation of the code? Or simply a question you need to have answered? The members and staff of the ABCD are standing by.