

## CHAIRPERSON'S LETTER

As 2008 begins, we remember with great sadness the untimely death of our friend and colleague, Jack Turnquist. At the time of his death, Jack was beginning his third year on the ABCD and his first year as Vice-Chair of the ABCD. Jack is missed by me personally, the ABCD and the entire actuarial profession.

The ABCD commenced eight inquiries into possible violations of the Code of Professional Conduct (Code) during 2007. This represents a significant decrease from prior years, except 2006, and a noticeable decline from the long term average.

During 2007, the members of the ABCD responded to 35 requests for guidance. A request for guidance is an opportunity for an actuary to seek advice and guidance about practice or conduct issues the actuary is facing. Requests for guidance are confidential, unless the actuary agrees to allow the ABCD to publish the actuary's request. (Absent express permission, if the ABCD publishes anything, it would be generic in nature.) Actuaries are encouraged to contact the ABCD and ask for assistance with challenges they must address that deal with the Code or Standards. Members of the ABCD endeavor to respond to these requests quickly and to focus on the specific issues involved.

A representative of the ABCD continues to work with the Task Force established by the Council of U.S. Presidents (CUSP) to review recommendations made by CRUSAP in 2006. This Task Force will consider changes suggested by CRUSAP and make appropriate recommendations to CUSP for their consideration. One change being considered is the feasibility of using a joint discipline committee for an actuary's several actuarial organizations considering an ABCD recommendation to discipline the member.

In September of 2007, the new and redesigned ABCD web site was made available. We hope the actuarial profession finds it easier to use and a more valuable resource. Among the improvements to the web site are opportunities to request guidance from the ABCD and to request a speaker at a future meeting.

There were no retirements from the ABCD in 2007. The Selection Committee reappointed Linda Bell, Dick Robertson and Carol Sears to second three year terms on the Board. Additionally, the Selection Committee appointed Curtis Huntington to the Board as Vice-Chair to fill Jack Turnquist's unexpired term.

Lawrence A. Johansen  
March 12, 2008

## CASES\* CONSIDERED DURING 2007

Type of Case	Pending from 2006 and Earlier	Received in 2007	Total
Conduct	12	2	14
Practice	3	6	9
Conduct & Practice	5	0	5
Requests for Guidance	0	36	36
<b>Total</b>	<b>20</b>	<b>44</b>	<b>64</b>

Cases by Practice Area	Pending from 2006 and Earlier	Received in 2007	Total
Casualty	7	4	11
Health	1	11	12
Life	5	12	17
Pension	7	17	24
<b>Total</b>	<b>20</b>	<b>44</b>	<b>64</b>

\* Including requests for guidance

## CASES CLOSED

### Action by Individual ABCD Members

Replied to requests for guidance (1 pending) 35

**Mediated** 1

### Disposition by Chairperson and Vice Chairpersons

Dismissed 1

(Referred to Investigators in 2007: 5)

### Disposition by Whole ABCD After Investigation

Dismissed 4

Counseled after hearing 1

Recommended public reprimand 1

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**Total Cases Closed (including requests for guidance) 43**

## CASES IN PROGRESS (AS OF 12/31/07)

Pending disposition following hearing 1

Pending investigation 6

Pending hearing 3

Pending receipt of more information (from complainant, subject, other) 3

Cases suspended 7

Request for Guidance 1

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**Total Cases in Progress 21**

Since its inception in 1992, the ABCD has completed its cases as follows:

Dispositions	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Total
Dismissed	12	24	9	11	8	11	13	10	5	20	16	7	5	5	1	5	162
Dismissed with guidance	6	10	3	---	5	1	5	2	8	5	4	2	2	4	1	0	58
Counseled	---	2	8	1	6	2	5	---	2	3	2	4	1	4	3	1	44
Mediated	3	1	1	---	---	---	---	1	---	4	---	1	---	---	---	1	12
Recommended private reprimand	---	---	---	---	---	---	---	---	1	1	---	---	---	---	---	0	2
Recommended public discipline	---	1	2	---	3	---	1	---	3	---	---	1	---	2	1	1	15
Replied to requests for guidance	8	8	8	10	28	31	22	31	36	21	47	30	46	37	31	35	429
Total	29	46	31	22	50	45	46	44	55	54	69	45	54	52	37	43	722

## Summary of Requests for Guidance

The ABCD members responded to 36 requests for guidance during 2007. While detailed information cannot be released about any of these RFGs, the table below provides a summary of the major issues involved in these requests. Note that many RFGs involve more than one issue.

Issue	Number
<b>General:</b> Dealing with a non-actuary who is acting unethically or illegally	4
How to handle a business issue	4
Technical issue	2
Can I rely on the work of others?	1
<b>Precept 1:</b> How to handle an error found in one's own work	1
How to act in a Principal's interests	1
Am I acting with integrity?	2
<b>Precept 2:</b> Am I qualified?	3
How to become qualified	2
<b>Precept 3:</b> How to apply an ASOP	6
Which standards of practice apply?	1
<b>Precept 4:</b> How to communicate something	2
<b>Precept 7:</b> Handling a potential conflict of interest	3
<b>Precept 8:</b> How to protect work product	5
<b>Precept 9:</b> How does the confidentiality requirement apply?	2
<b>Precept 10:</b> What to do if predecessor actuary fails to cooperate	2
How far do I need to go in cooperating?	7
<b>Precept 13:</b> Should I file a complaint?	6
How to communicate to prevent a future violation by another	1

## Summary of Alleged Violations

There were 28 inquiries in process with the ABCD during 2007, based on either complaints or adverse information. Eight of these were disposed of during 2007. While detailed information can not be released about any of these inquiries, the table below provides a summary of the major issue areas into which the alleged violations of the Code of Professional Conduct fall. Note that many inquiries involve multiple issues. Note also that an ABCD disposition of discipline means the ABCD recommended discipline to the appropriate organization(s).

Major Issue Alleged	Disposed of in 2007 (by disposition)					In Process by Year Initiated				Total
	Discipline	Counsel	Dismiss	Mediate	Total	Earlier	2006	2007	Total	
<b>Precept 1:</b> Failure to act with integrity	1		1		2	1	6	2	9	11
Failure to perform services with competence			1		1	1	1	2	4	5
Calculation or data errors			1		1	1			1	2
Other errors in work			1		1	1			1	2
Failure to uphold reputation of profession								1	1	1
<b>Precept 2:</b> Performing work when not qualified		1			1					
<b>Precept 3:</b> Work fails to satisfy an ASOP			1		1		2	4	6	7
Improper reserve estimate for insurer			1		1					
Use of unreasonable assumptions						1			1	1
<b>Precept 4:</b> Inadequate actuarial communication								3	3	3
Precept 5: Failure to identify Principal, capacity										
<b>Precept 6:</b> Failure to disclose										
<b>Precept 7:</b> Conflict of Interest								1	1	1
<b>Precept 8:</b> Failure to take reasonable steps to prevent misuse of work product			1		1			1	1	2
<b>Precept 9:</b> Disclosure of confidential information	1				1			1	1	2
<b>Precept 10:</b> Failure to cooperate with other actuary			1	1	2	1			1	3
<b>Precept 11:</b> Improper advertising										
<b>Precept 12:</b> Improper use of designation										
<b>Precept 13:</b> Failure to report violation	1				1	1			1	2
<b>Precept 14:</b> Failure to respond completely, honestly and promptly to the ABCD	1				1	1			1	2