

There's an App for That

WE ALL HAVE HAD MOMENTS in which we wished we knew how to do something or make something work. In the not-too-distant past, we possibly would have gone to a bookstore or hardware store for how-to instructions. Now we get on our computers or whip out the smart phone to look up an appropriate application.

The actuarial world has changed similarly. Whether we need access to a regulation or a research paper, we can find it easily enough. The Code of Professional Conduct is a few clicks away to remind us of our professional responsibilities and ethical standards. If you have a question as to whether a client is asking for an aggressive set of assumptions, the Code is there to serve as a reminder to think twice before putting yourself in

potential violation.

Also at our fingertips are the Actuarial Standards of Practice (ASOPs). Running the gamut from basic concepts of rate-making, trend, and reserving to financial reporting of insurance liabilities and other reporting requirements, the ASOPs serve as our how-to guide for providing a professional product to the public.

Not very long ago I had on my bookshelf several large loose-leaf binder

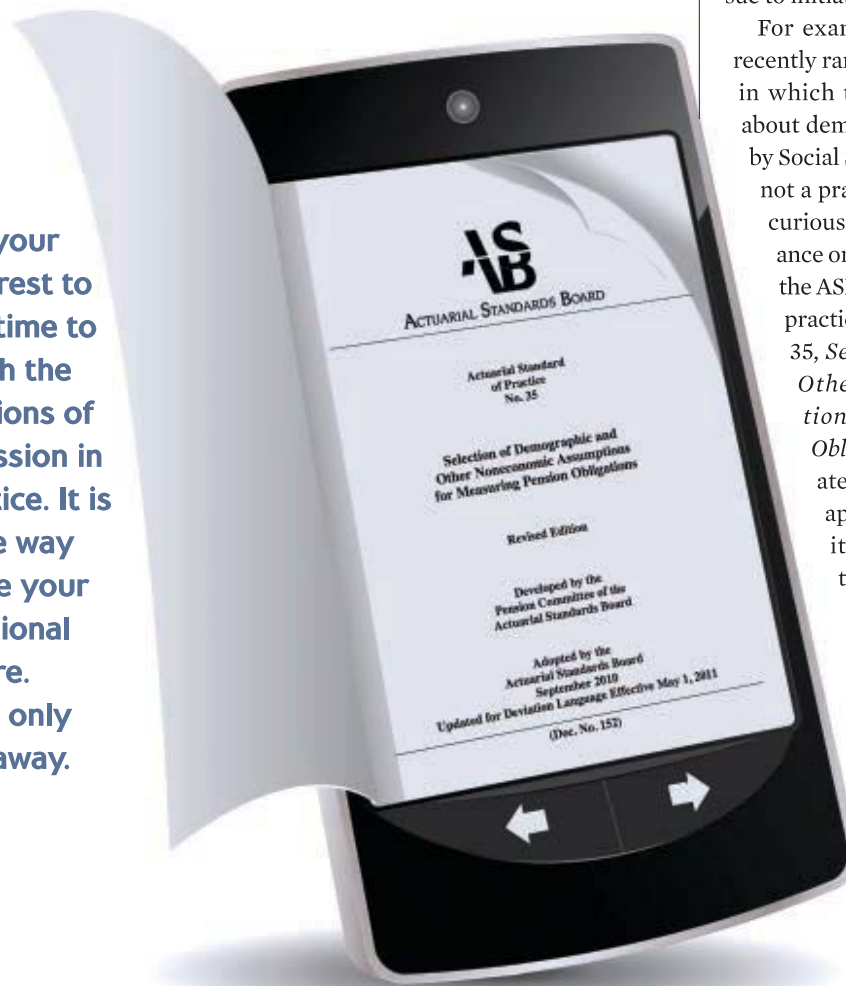
volumes containing the ASOPs. One day, a new, smaller version of that binder appeared in the mail, with all the new standards and revisions downsized to fit the new format. A few years later, a CD arrived with all the standards and the Code of Professional Conduct conveniently available for me to peruse as needed. These formats now are collector's items.

The website of the Actuarial Standards Board (ASB) has all of the standards conveniently available both in numerical order and sorted by practice area. This listing is extremely useful in finding the relevant material if there's a compliance issue to investigate. In fact, compliance doesn't even have to be an issue to initiate a quick reference.

For example, *The New York Times* recently ran an extensive opinion piece in which the authors made remarks about demographic assumptions used by Social Security actuaries. Since I'm not a practitioner in that area, I was curious as to the professional guidance on this issue. I quickly went to the ASB site, clicked on the pension practice link, and found ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*. I realized immediately that this standard didn't apply to social insurance, but it contained a reference to the applicable standard. On I went to ASOP No. 32, *Social Insurance* (included under the general tab). Explanations of assumptions and terms related to my quest were clear.

Another example that has been newsworthy for a couple of years relates to health insurance. There's been

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a lot of national discussion regarding differing risks and the potential cost of insurance coverage for groups and individuals. Surely the actuarial profession had a standard on what needs to be considered in this area. Once again, I visited the ASB site, and in the health practice area I found ASOP No. 45, *Use of Health Status Based Risk Adjustment Methodologies*. Not only did this standard include guidance on considerations for risk adjustments based on health status, it also had a nice addendum with some examples on how this may work. The ASOP also clearly spells out the types of considerations that an actuary practicing in this area must include in any analysis and report.

I have had the opportunity to discuss qualifications issues with some actuaries over the past couple of years. On occasion, the question essentially comes down to jurisdiction: Where does one practice area end and another begin? There are actuaries whose professional experiences may have included peripheral involvement with, or supervision of, actuarial work in practice areas outside of their original qualification. The Academy website provides the Qualification Standards. The specifics of qualifying to opine as an actuary are well documented. At times, however, an actuary may have concerns about the fringe areas of practice or practicing in a new area. That's one situation in which a call to a member of the Actuarial Board for Counseling and Discipline (ABCD) may be the best path.

The ABCD is available to help actuaries in all practice areas when they have concerns about compliance with any ASOP or with the Qualification Standards. A confidential discussion with an ABCD member has helped many actuaries gain either comfort or encouragement to follow up on questionable practices. If you think you, your colleague, your firm, or your client may be in a position that causes conflict with the Code of Professional Conduct, the ASOPs, or the Qualification Standards, consider getting some counseling from the ABCD.

While some specific examples are discussed above, the breadth of issues addressed by the ASB and the profession are fully available to every member (and nonmember). It's in your best interest to take the time to research the expectations of the profession in your practice. It is a simple way to ensure your professional future. And it's only a click away. □

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