



**2021 Virtual Casualty
Loss Reserve
Seminar**



Professionalism:

“ I Didn’t Know the ABCD Did THAT!”




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September 15, 2021


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Presenters



- **Albert J. Beer FCAS, MAAA**
*Michael J. Kevaney/ XL Chair, Professor of Actuarial Science
St. John’s University*
- **Alan M. Hines FCAS, MAAA**
*Managing Director
PricewaterhouseCoopers LLP*
- **Michael L. Toothman FCAS, MAAA**
*Principal and Owner
Actuarial & Risk Consulting Services*



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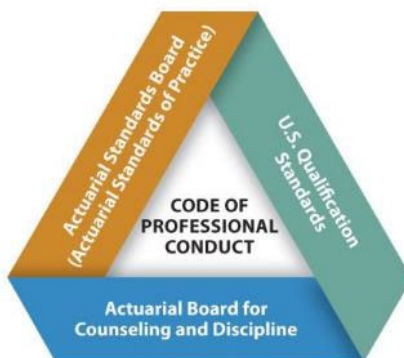
- The Casualty Actuarial Society is committed to adhering strictly to the letter and spirit of the antitrust laws. Seminars conducted under the auspices of the CAS are designed solely to provide a forum for the expression of various points of view on topics described in the programs or agendas for such meetings. Under no circumstances shall CAS seminars be used as a means for competing companies or firms to reach any understanding – expressed or implied – that restricts competition or in any way impairs the ability of members to exercise independent business judgment regarding matters affecting competition. It is the responsibility of all seminar participants to be aware of antitrust regulations, to prevent any written or verbal discussions that appear to violate these laws, and to adhere in every respect to the CAS antitrust compliance policy.

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Professionalism

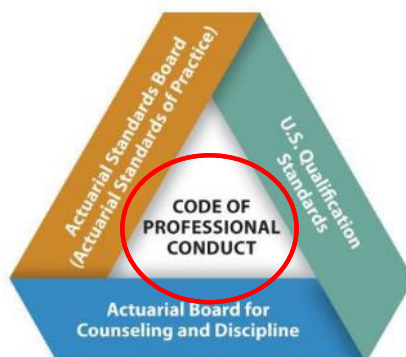


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The Code of Professional Conduct



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The Code of Professional Conduct

- *“The Code of Professional Conduct sets forth what it means for an actuary to act as a professional. It identifies the responsibilities that actuaries have to:*
 - ▣ *the public;*
 - ▣ *their clients and employers; and*
 - ▣ *the actuarial profession.”*



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Actuarial Services

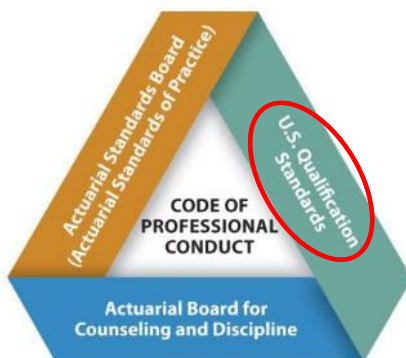
- “Professional services provided to a Principal by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations.”

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Qualification Standards



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Qualification Requires

- A minimum level of *Basic Education*
- *Continuing Education*
- Practical, real-world *Experience*

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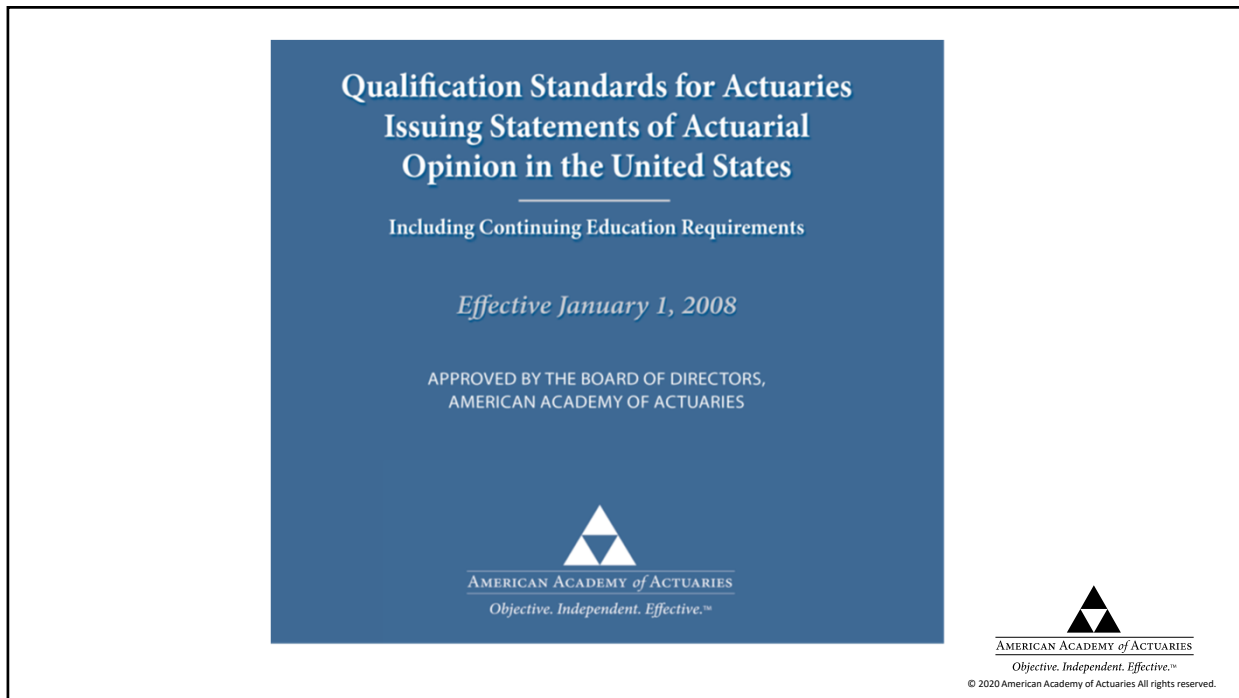
Rooted in Precept 2

- **PRECEPT 2.** An Actuary shall perform Actuarial Services **only when the Actuary is qualified to do so** on the basis of basic and continuing education and experience, and only when the Actuary **satisfies applicable qualification standards.**
 - ANNOTATION 2-1. It is the professional responsibility of an Actuary to **observe applicable qualification standards** that have been **promulgated by a Recognized Actuarial Organization for the jurisdictions in which the Actuary renders Actuarial Services** and to keep current regarding changes in these standards.
 - ANNOTATION 2-2. The **absence of applicable qualification standards** for a particular type of assignment or for the jurisdictions in which an Actuary renders Actuarial Services **does not relieve the Actuary of the responsibility to perform such Actuarial Services only when qualified to do so in accordance with this Precept.**

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Actuarial Standards of Practice



Actuarial Standards of Practice (ASOPs)

- “ASOPs describe the procedures an actuary should follow when performing actuarial services and identify what the actuary should disclose when communicating the results of those services.”

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Standards-Setting Principles

- ASOPs should provide guidance for appropriate practice, not merely codify current practice or best practice.
- Principles-based, not prescriptive.
- ASOPs set principles to guide actuaries and users of actuarial services, but do not replace professional judgment.
- The Deviation Clause appears in all ASOPs for a reason.
- Disclosure is a cornerstone of compliance with standards.

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Important Aspects of Standards

- ❑ Protect the public;
- ❑ Protect the reputation of the profession;
- ❑ Avoid or reduce risk of external regulation; and
- ❑ Protect against malpractice claims.

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- ❑ The ASB creates, revises, and repeals *Actuarial Standards of Practice* (ASOPs), which provide guidance to all credentialed actuaries who perform actuarial services in the U.S.

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Existing ASOPs

Cross-Practice ASOPs

ASOP No. 1—Introductory ASOP			
ASOP No. 41—Actuarial Communications			
ASOP No. 12	Risk Classification	ASOP No. 25	Credibility Procedures
ASOP No. 17	Expert Testimony by Actuaries	ASOP No. 32	Social Insurance
ASOP No. 21	Responding to or Assisting Auditors	ASOP No. 56	Modeling
ASOP No. 23	Data Quality		

Practice-Specific ASOPs

<u>Casualty</u>	<u>ERM</u>	<u>Health</u>	<u>Life</u>	<u>Pension</u>
ASOP Nos. 7, 13, 19, 20, 29, 30, 36, 38, 39, 43, 53	ASOP Nos. 46, 47, 55	ASOP Nos. 3, 5, 6, 7, 8, 11, 18, 19, 22, 26, 28, 42, 45, 49, 50	ASOP Nos. 2, 7, 10, 11, 15, 19, 22, 24, 33, 37, 40, 48, 52, 54	ASOP Nos. 4, 6, 27, 34, 35, 44, 51

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Casualty Specific ASOPs

- ASOP 7** - *Analysis of Life, Health, or Property Casualty Insurer Cash Flows*
- ASOP 13** - *Trending Procedures in Property/Casualty Insurance*
- ASOP 19** - *Appraisals of Casualty, Health, and Life Insurance Businesses*
- ASOP 20** - *Discounting of Property/Casualty Unpaid Claim Estimates*
- ASOP 29** - *Expense Provisions in Property/Casualty Insurance Ratemaking*
- ASOP 30** - *Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking*

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Casualty Specific ASOPs

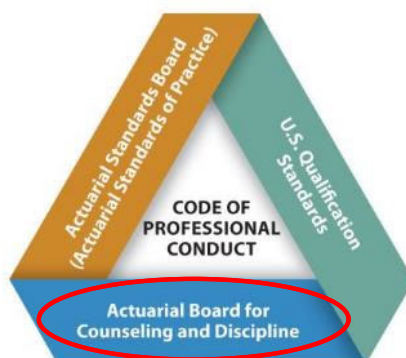
- ASOP 36** - *Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves*
- ASOP 38** - *Using Models Outside the Actuary's Area of Expertise (P/C)*
- ASOP 39** - *Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking*
- ASOP 43** - *Property/Casualty Unpaid Claim Estimates*
- ASOP 53** - *Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Retention*

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Actuarial Board for Counseling and Discipline



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Actuarial Board for Counseling and Discipline



- Established in 1991, the ABCD serves in the U.S. as the investigative/counseling body to act on behalf of:
 - ▣ The Casualty Actuarial Society
 - ▣ The Society of Actuaries
 - ▣ The American Academy of Actuaries
 - ▣ The American Society of Enrolled Actuaries
 - ▣ The Conference of Consulting Actuaries
 - ▣ The Canadian Institute of Actuaries

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Actuarial Board for Counseling and Discipline



- The ABCD serves two primary functions:
 - ▣ Respond to Requests for Guidance (RFGs) on professionalism issues by **counseling** actuaries on appropriate professional practice; and
 - ▣ Consider Complaints about possible violations of The Code of Professional Conduct (including conduct, qualifications, and practice) and **recommends discipline**, when appropriate, to membership organizations.

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Requests for Guidance

A Little Help From My Friends



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Requests for Guidance

- Guidance is sought on an actuarial matter that may affect an actuary's obligations under the Code.
- All requests are **confidential** and can be made anonymously.
- An individual member of the ABCD will respond with **confidential** advice on appropriate professional practice.
- Contact information is on the ABCD website:
 (www.abcdboard.org)

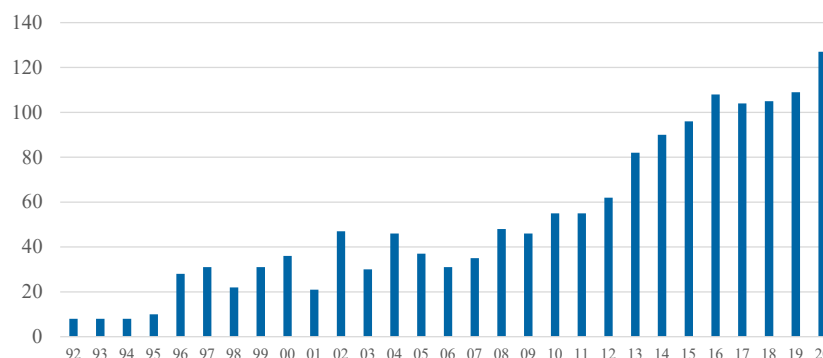
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ABCD Requests for Guidance

- There has been a significant increase in RFGs over the years.



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Today's format:

Case Studies

Purpose: to provide some illustrations of factors that could be considered in discussing professional ethical issues.


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Working Through Ethical Dilemmas

- ❑ Am I complying with the *Code of Conduct*, the *Standards of Practice* and the *Qualification Standards*?
- ❑ Am I upholding the reputation of the profession?
- ❑ Is it the right thing to do?
- ❑ There are no perfect answers.
- ❑ Professional Judgement is of utmost importance.

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Case Study 1

Pressure at the Office



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Case Study 1: Pressure at the Office

- Jim Halpert FCAS, MAAA, is the Chief Actuary for the publicly-traded Dunder Mifflin (DM) Insurance Company.
- The company president, Michael Scott, also an FCAS, MAAA, shares with Jim the fact that the Board of Directors of DM has been very disappointed with the company's recent stock price performance.
- Michael reminds Jim that DM has a significant component of its business in commercial liability lines and therefore its reserve position plays a "very important role in determination of the stock price and corporate bonuses".

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Case Study 1: Pressure at the Office

- Michael goes on to suggest that Jim be very careful in building any provision for social inflation into the reserves since "as we actuaries know, any provision would just be a wild guess at this time!".
- In addition, Michael is insistent that Covid-19 had a significant but, as of yet, unknowable beneficial effect on Accident Year 2020 loss experience.
- Michael concludes by telling Jim to be "prudent" in setting the year end reserves since "this is a critical year for the company and, after all, since these are long-tail lines, we will have plenty of time to, if necessary, correct them in the future".
- What should Jim do?

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Case Study 1: Professionalism Considerations

- The Code identifies the responsibilities that actuaries have
 - ▣ to the public,
 - ▣ to their clients and employers, and
 - ▣ to the actuarial profession.
- PRECEPT 1. An Actuary shall act
 - ▣ honestly,
 - ▣ with integrity and competence,
 - ▣ to fulfill the profession's responsibility to the public and
 - ▣ to uphold the reputation of the actuarial profession.

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Case Study 1: Professionalism Considerations

ASOP No. 43 - Property/Casualty Unpaid Claim Estimate

3.6 Unpaid Claim Estimate Analysis - The actuary **should consider factors** associated with the unpaid claim estimate analysis **that, in the actuary's professional judgment**, are **material** and are **reasonably foreseeable** to the actuary at the time of estimation. The actuary is not expected to become an expert in every aspect of potential unpaid claims.

3.6.2 Assumptions - The actuary should consider the reasonableness of the assumptions underlying each method or model used. **Assumptions generally involve significant professional judgment** as to the appropriateness of the methods and models used and the parameters underlying the application of such methods and models.

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Case Study 1: Professionalism Considerations

ASOP No. 43 - Property/Casualty Unpaid Claim Estimate

3.6.7 Changing Conditions - The actuary should consider whether there have been significant changes in conditions, particularly with regard to claims, losses, or exposures, that are likely to be insufficiently reflected in the experience data or in the assumptions used to estimate the unpaid claims.

3.7.1 Reasonableness—The actuary should assess the reasonableness of the unpaid claim estimate, using appropriate indicators or tests that, in the actuary's professional judgment, provide a validation that the unpaid claim estimate is reasonable. The reasonableness of an unpaid claim estimate should be determined based on facts known to, and circumstances known to or reasonably foreseeable by, the actuary at the time of estimation.

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Case Study 1: Professionalism Considerations

- PRECEPT 13. An Actuary with knowledge of an apparent, unresolved, material, violation of the Code should consider discussing the situation with the other Actuary and attempt to resolve the apparent violation. If such discussion is not attempted or is not successful, the Actuary shall disclose such violation to the appropriate counseling and discipline body of the profession, except where the disclosure would be contrary to Law or would divulge Confidential Information.
- ANNOTATION 13-1. A violation of the Code is deemed to be material if it is important or affects the outcome of a situation, as opposed to a violation that is trivial, does not affect an outcome, or is one merely of form.

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Audience Questions



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Case Study 2

A Consulting Nightmare



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Case Study 2: A Consulting Nightmare

- Freddy Krueger, FCAS, MAAA, works at a small consulting firm, Vincent Price Consultants (VPC). The principal of the firm, Vincent Price, ACAS, MAAA, has accepted an assignment from a homeowner's insurer, The Haunted Hill Insurance Co., a prospective client he had been pursuing for a few years.
- Haunted Hill is interested in acquiring a similarly sized commercial insurance entity, The Elm Street Insurance Co., and wants VPC to do a confidential review to determine the adequacy of the reserves of Elm Street. Mr. Price gives the sensitive and important assignment to Freddy.

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Case Study 2: A Consulting Nightmare (Scenario 1)

- Unfortunately, there is a problem. In addition to a number of traditional lines of commercial business (Property, Automobile, General Liability), Elm Street also writes a significant amount of **Directors and Officers Liability Insurance**. Freddy has over 12 years of relevant reserve experience on most commercial lines of business but has never worked on **D&O Insurance**.
- Recognizing this, he approaches Mr. Price and tells him that he can't complete the entire study. Mr. Price pushes back, insisting that Freddy do the best he can since *"the fees I negotiated for this assignment are admittedly underpriced and, even if we could afford it, confidentiality precludes bringing in any other actuary to do that work."*
- Freddy called the ABCD to ask for guidance.

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Case Study 2: A Consulting Nightmare (Scenario 2)

- Unfortunately, there is a problem. In addition to a number of traditional lines of commercial business (Property, Automobile, General Liability), Elm Street also writes a significant amount of **Cyber Insurance**. Freddy has over 12 years of relevant reserve experience on most commercial lines of business but has never worked on **Cyber Insurance**.
- Recognizing this he approaches Mr. Price and tells him that he can't complete the entire study. Mr. Price pushes back, insisting that Freddy do the best he can since *"the fees I negotiated for this assignment are admittedly underpriced and, even if we could afford it, confidentiality precludes bringing in any other actuary to do that work."*
- Freddy called the ABCD to ask for guidance.

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Case Study 2: Professionalism Considerations

Code of Professional Conduct

- **PRECEPT 2.** An Actuary shall perform Actuarial Services only when the Actuary is qualified to do so on the basis of basic and continuing education and experience, and **only when the Actuary satisfies applicable qualification standards.**

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Case Study 2: Professionalism Considerations

Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States

“For purposes of the Qualification Standards, a ‘Statement of Actuarial Opinion’ (SAO) is an opinion expressed by an actuary in the course of performing Actuarial Services and intended by that actuary to be relied upon by the person or organization to which the opinion is addressed.”

Section 2. General Qualification Standard

“...An actuary must have met the following requirements for basic education and experience and continuing education before issuing a Statement of Actuarial Opinion:

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Case Study 2: Professionalism Considerations

2.1 Basic Education and Experience Requirement

To satisfy the General Qualification Standard, before issuing a Statement of Actuarial Opinion, an actuary must meet the following criteria:

- Be a Member of the Academy, a Fellow or Associate of the SOA or the CAS, a Fellow of the CCA, a Member or Fellow of ASPPA, or a fully qualified member of another IAA-member organization; **and**
- Have three years of responsible actuarial experience, which is defined as work that requires knowledge and skill in solving actuarial problems; **and**
- Be knowledgeable, through examination or documented professional development, of the Law applicable to the Statement of Actuarial Opinion. ‘Law’ is defined in the Code of Professional Conduct.”

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Case Study 2: Professionalism Considerations

“In addition, in order for an actuary to issue Statements of Actuarial Opinion in an area covered by a specialty track offered by the Society of Actuaries, or in an area of practice covered by the exams of the Casualty Actuarial Society or the American Society of Pension Professionals and Actuaries, one of the following must be met:

- Attain the highest possible actuarial designation in an IAA full-member organization (other than the Academy) and complete a specialty track in the area of actuarial practice relevant to the subject of the SAO; or
- Attain the highest possible actuarial designation in an IAA full-member organization (other than the Academy) and have a minimum of one year of responsible actuarial experience in the area of actuarial practice relevant to the subject of the SAO under the review of an actuary who was qualified to issue the SAO at the time the review took place under standards in effect at that time; or
- Have a minimum of three years of responsible actuarial experience in the area of actuarial practice relevant to the subject of the SAO under the review of an actuary who was qualified to issue the SAO at the time the review took place under standards in effect at that time.

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Case Study 2: Professionalism Considerations

Section 3. Specific Qualification Standards

“Specific Qualification Standards are developed by the Committee on Qualifications when, in the committee’s view, it is necessary for an actuary to possess specific qualifications beyond those required to satisfy the General Qualification Standard to issue a particular type of Statement of Actuarial Opinion. ...

The Statements of Actuarial Opinion for which Specific Qualification Standards currently should be met are the following:

- Statement of Actuarial Opinion, NAIC Life and A&H Annual Statement
- Statement of Actuarial Opinion, NAIC Property and Casualty Annual Statement
- Statement of Actuarial Opinion, NAIC Health Annual Statement”

“An actuary must have obtained sufficiently comprehensive knowledge of and responsible experience with the subjects specifically involved to be able to determine which actuarial concepts and techniques are applicable to the assignment and to apply those concepts and techniques successfully.” (emphasis added)

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Case Study 2: Professionalism Considerations

□ Scenario 1

- ▣ Is Freddie is qualified to issue an SAO on D&O Liability?
- ▣ Can he issue an SAO carving out this segment?
- ▣ Hiring a consultant should not be an issue regarding confidentiality.

□ Scenario 2

- ▣ How would any actuary qualify for issuing SAOs on Cyber? Pandemic? Driverless Autos?

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Audience Questions



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Case Study 3

Programmer or Actuary?



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Case Study 3: Programmer or Actuary? (Scenario 1)

- Anthony DiNozzo, FCAS, MAAA, works at a mid-sized consulting firm, *National Corporate Insights and Solutions* (NCIS). Anthony's primary responsibility is leading loss reserve reviews for insurance company clients but, given his exceptional knowledge of computer programming, he is often brought in to help with complex system projects.
- The Managing Principal of NCIS, Leroy J. Gibbs, CPA just signed an Engagement Letter with a national manufacturing company, Online Retail. Online currently has a sophisticated data-analytics model but wants to enhance that model by introducing sales and product-return information, by market and distribution center, to evaluate the effectiveness of its website marketing campaign.



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Case Study 3: Programmer or Actuary? (Scenario 1)

- Gibbs asks Anthony to lead this project since his analytic skills make him the best candidate to collaborate with management to make the enhancements specified in the Engagement Letter.
- When Anthony creates a draft to scope out the work, he builds in the need for the documentation and disclosure that is included in ASOP 56 – Modeling. Gibbs tells him that *“this isn’t an actuarial engagement”* and the client should not be asked to pay for any work that is subject to Actuarial Standards of Practice.
- Anthony calls the ABCD for guidance.

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Actuarial Services

- *“Professional services provided to a Principal by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations.”*

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Case Study 3: Professionalism Considerations

ASOP 56 – Modeling

1.2 Scope—This standard applies to actuaries in any practice area when performing actuarial services with respect to designing, developing, selecting, modifying, or using all types of models.

.....If the actuary's actuarial services involve reviewing or evaluating models, the reviewing or evaluating actuary should be reasonably satisfied that the actuarial services were performed in accordance with this standard. The reviewing or evaluating actuary should apply the guidance in this standard to the extent practicable within the scope of the actuary's assignment.

.....This standard only applies to the extent of the actuary's responsibilities. The actuary's responsibilities may extend to performing actuarial services related to an entire model or to only a small portion of a model.

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Case Study 3: Programmer or Actuary? (Scenario 2)

- Anthony begins the project. In the course of the work, Anthony creates management information tools to analyze customer “product return” tendencies. He notices that returns for certain products follow distinct “development patterns” depending on the reason why a customer returned the product.
- Anthony sets up a meeting met with Online’s CFO, Donald Mallard, during which he explains “loss development projection” and demonstrates how a similar technique can be used to project ultimate returns for various products.
- Mallard was very impressed by Anthony’s presentation and asked him to create an engagement letter for an assignment to have NCIS (namely Anthony) design a model to estimate ultimate return percentages by product category which can be used in their pricing strategies.
- Does this change Anthony’s professional responsibilities?

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Audience Questions



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Case Study 4

In Bermuda, Entering the Reserve
Season Means “Winter is Coming”



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Case Study 4: “Winter is Coming”

- Denise Targaryen, FCAS, MAAA, is a Managing Director at a global accounting firm. She is well respected within the organization and is asked by the Head of the London office, Jon Snow, to conduct an extensive reserve study for his Bermuda based client, StarkHouse Insurance LTD.
- When Denise shares her draft report with Jon, he tells her that it is *“much too lengthy and includes too many extraneous disclosure items. The client doesn’t want such a complex report”*.

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Case Study 4: “Winter is Coming”

- Denise points out that the report has been prepared in conformance with all the appropriate Actuarial Standards of Practice.
- Jon argues that ASOPs are for U.S. work and don’t apply in Bermuda. In addition, he suggests that, since it will be prepared as a work product of their firm, it only needs to satisfy appropriate accounting standards.
- Denise calls the ABCD to discuss her situation.

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Case Study 4: Professionalism Considerations

CODE OF PROFESSIONAL CONDUCT

PRECEPT 3. An Actuary shall ensure that Actuarial Services performed by or under the direction of the Actuary satisfy **applicable standards of practice**.

ANNOTATION 3-1. It is the professional responsibility of an Actuary to observe applicable standards of practice that have been **promulgated by a Recognized Actuarial Organization for the jurisdictions in which the Actuary renders Actuarial Services**, and to keep current regarding changes in these standards.

ANNOTATION 3-2. Where a question arises with regard to the applicability of a standard of practice, or **where no applicable standard exists**, an Actuary shall **utilize professional judgment**, taking into account generally accepted actuarial principles and practices.

ANNOTATION 3-3. When an Actuary uses procedures that depart materially from those set forth in an applicable standard of practice, the Actuary **must be prepared to justify the use of such procedures**.

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Audience Questions



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Case Study 5

Friends



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Case Study 5: Friends

- ❑ Ross Geller, FCAS, MAAA, and Joey Tribbiani, FCAS, MAAA, have worked together for 12 years and have also spent a significant amount of time together socially.
- ❑ As assistant vice-presidents of their employer, The Museum Mutual Insurance Co., they attended the Academy's annual meeting in Washington.
- ❑ Joey and Ross went to the hotel bar for a few drinks after dinner. From a number of prior experiences, Ross knows that in this environment, Joey could get a bit "boisterous."
- ❑ Just before midnight, Ross felt exhausted and went back to his room.

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Case Study 5: Friends

- The next morning, Ross was approached by Rachel Green, FCAS, MAAA, another Museum Mutual actuary, who was also a member of their social network.
- Joey had come to her hotel room while she was sleeping around 1 a.m. last night, and loudly asked her through the door to “join him for a drink.” After 10 minutes of continued disruption, Rachel called hotel security. They appeared within minutes and took Joey back to his room.
- Rachel asked Ross if she should contact anyone? Museum Mutual? The CAS? The Academy?

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Case Study 5: Professionalism Considerations

- The Code identifies the responsibilities that actuaries have
 - to the public,
 - to their clients and employers, and
 - to the actuarial profession.
- PRECEPT 1. An Actuary shall act
 - honestly,
 - with integrity and competence,
 - to fulfill the profession’s responsibility to the public and
 - to uphold the reputation of the actuarial profession.

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Case Study 5: Professionalism Considerations

- PRECEPT 13. An Actuary with knowledge of an **apparent, unresolved, material**, violation of the Code **should consider** discussing the situation with the other Actuary and attempt to resolve the apparent violation. If such discussion is not attempted or is not successful, the Actuary **shall** disclose such violation to the appropriate counseling and discipline body of the profession, **except** where the disclosure would be contrary to Law or would divulge Confidential Information.
- ANNOTATION 13-1. A violation of the Code is deemed to be **material** if it is important or **affects the outcome** of a situation, as opposed to a violation that is trivial, does not affect an outcome, or is one merely of form.

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Case Study 5: Professionalism Considerations

1. Did Joey “act to uphold the reputation of the actuarial profession”?
2. If not, was the violation material?
3. Does Ross know of an “apparent, unresolved, material violation of the Code”?
4. If so, should he confront Joey?
5. Can he avoid filing a complaint?
6. Should he report the incident to Museum Mutual?

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Audience Questions



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Case Study 6

A Home on the Range



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Case Study 6: A Home on the Range

- Adam Cartwright, FCAS, MAAA, was the chief actuary of a company for 8 years.
- Adam's father, Ben, is President of the Ponderosa Insurance Co. and recruits Adam to be his chief actuary.
- Ben assures Adam that he will be free to select techniques and assumptions to estimate unpaid liabilities (Ben will not micro-manage Adam).
- However, Ben insists that Adam only present his "reasonable range" to his board of directors, and not recommend a specific amount, since Ben wants complete flexibility in choosing the amount to book in the financials.
- Adam is troubled by that constraint and called the ABCD to discuss his situation.

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Case Study 6: Professionalism Considerations

- **PRECEPT 3.** An Actuary shall ensure that Actuarial Services performed by or under the direction of the Actuary satisfy **applicable standards of practice.**
- **PRECEPT 4.** An Actuary who issues an Actuarial Communication shall take appropriate steps to ensure that the Actuarial Communication is clear and **appropriate to the circumstances and its intended audience** and satisfies applicable standards of practice.
- **PRECEPT 8.** An Actuary who performs Actuarial Services shall take **reasonable steps to ensure that such services are not used to mislead other parties.**

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Case Study 6: Professionalism Considerations

ASOP No. 41, Actuarial Communications

Section 3.6, Oral Communications

When the actuary is providing an oral communication, the actuary should consider the extent to which (if any) the disclosures listed under section 3.4 should be included in the oral communication and include each such disclosure if appropriate in the particular circumstances. Where the actuary has a concern that the oral communication may be passed on to other parties, the actuary should consider following up with an actuarial document.

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Case Study 6: Professionalism Considerations

ASOP No. 43, Property/Casualty Unpaid Claim Estimates

Section 3.7.3, Presentation

The actuary may present the unpaid claim estimate in a variety of ways, such as a point estimate, a range of estimates, a point estimate with a margin for adverse deviation, or a probability distribution of the unpaid claim amount. The actuary should consider the intended purpose or use of the unpaid claim estimate when deciding how to present the unpaid claim estimate.

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Audience Questions



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Thank You!

And be sure to attend tonight's Roundtable Discussion!



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