



# Professionalism Skit Session Based on New Aon Skits

CAS Committee On Professionalism Education  
2021 CAS Annual Meeting





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- 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.





# Today's Speakers

**Pat Teufel, FCAS**

**University of Connecticut**

Ms. Teufel retired as Principal of KPMG LLP in 2010; she led the Actuarial Services practice there for over a decade. She currently serves as an adjunct professor at the University of Connecticut and performs some independent actuarial consulting. She is a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries.

A Past President of the Casualty Actuarial Society, she is an Emeritus Trustee of The Actuarial Foundation and has served on the Academy Board of Directors. She is a regular speaker at professional actuarial meetings and other industry conferences.





# Today's Speakers

**Daniel Greer, FCAS**

**AON**

Dan has been supporting reinsurance clients at Aon for 21 years. He is lead actuary on the Environmental and Surety practice groups.

Dan joined Aon in June 2000 from Swiss Re Investors, where he advised insurers on reinsurance and investment decisions to optimize their risk/reward balance. Prior to Swiss Re, Dan spent six years in primary insurance, performing various actuarial roles.

Dan graduated from The Cooper Union in 1987 with a Bachelor of Engineering degree and worked as an electrical engineer before starting his actuarial career.





# Today's Speakers

## Sasha Wiegand, FCAS

### Oliver Wyman

Sasha Wiegand is a Senior Consultant for the Chicago, IL office of Oliver Wyman Actuarial Consulting, Inc. She specializes in product development and reserving for commercial insurance lines. Her primary responsibilities are to provide property-casualty consulting services to a variety of insurance companies and self-insured corporate clients.

Prior to joining Oliver Wyman in 2016, Sasha held an actuarial consultant position with a public accounting firm and a pricing analyst position with a national top five personal auto insurer.





# Disclosures

## Legal Disclosure

The views expressed by the panelists are their own and may not necessarily reflect those of their respective employers.

## Non-Legal Disclosure

This session discusses professionalism “gray areas.” It is not our intent to give you “answers”, but instead to have open discussions on these situations. If you need additional guidance, please consult the ABCD.





## Agenda

- Skit with Professional Guidance
- Small Group Discussion
- Large Group Discussion
- Takeaways

**Professionalism Skit:**

# **Social Media Pitfalls**



# Professionalism Topics



## Dangers of Social Media



**Chief Actuary:**

**Noah**



**Actuarial Managers:**

**Olivia  
Emma  
Liam**



**Candidate for Promotion:**

**Mason**

**Scene I: Senior staff meeting**

**Scene II: The next morning**



# Lights, Camera, Action!



# General Questions

- Questions to Consider:
  - Was the team's reaction to Mason's social media post appropriate?
  - What is the responsibility of the Chief Actuary and the managers to the employer?
  - What is the responsibility of the Chief Actuary and the managers to the actuarial profession?
  - Would anything change if Mason was not yet a credentialed actuary but is taking exams.





# Professional Guidance Code of Conduct

PRECEPT 1: An Actuary shall act honestly, with integrity and competence, and in a manner to fulfill the profession's responsibility to the public and to uphold the reputation of the actuarial profession.



## Professional Guidance Code of Conduct

PRECEPT 10. An Actuary shall perform Actuarial Services with courtesy and professional respect and shall cooperate with others in the Principal's interest.





## Professional Guidance Code of Conduct

PRECEPT 13. An Actuary with knowledge of an apparent, unresolved, material violation of the Code by another Actuary 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.





# Professional Guidance

## Code of Professional Ethics for Candidates

- Rule 1: An actuarial candidate shall act honestly, with integrity and competence, to uphold the reputation of the actuarial profession.
- Rule 2: An actuarial candidate shall not engage in any professional conduct involving dishonesty, fraud, deceit, or misrepresentation or commit any act that reflects adversely on the actuarial profession.





**Professionalism Skit:**

# **Responsibility under pressure**



## Professionalism Dilemma



### **Ethan, the Actuary**

Has been with the company for 5 years  
Looking for an opportunity to increase his  
visibility



### **Owen, Actuarial Manager**



**Amelia, the Client**  
an employee of...



### **Exacting Insurance Company (EIC)**

Let's hear what happened from Ethan himself



# Lights, Camera, Action!



## General Questions

- Why did Ethan think it was right to keep the wrong numbers in the analysis?
  - Didn't change the overall message
  - More important to get together with client
  - Didn't want to damage his own reputation for being able to do both
  - Thought had support of manager
- Does Owen also bear some responsibility?
  - What should he have done the night before the meeting?
  - What should he have done differently at the meeting?
  - What ASOP's might Owen want to refer to.





# Professional Guidance Code of Conduct

## – Precept 1

– An Actuary shall act honestly, with integrity and competence, and in a manner to fulfill the profession’s responsibility to the public and to uphold the reputation of the actuarial profession.

## – Annotation 1-1

– An Actuary shall perform Actuarial Services with skill and care.





# Professional Guidance Code of 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 3-3

- 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.



# Applicability Guidelines (excerpt)



## Applicability Guidelines for Actuarial Standards of Practice – Casualty

Please note that the following ASOPs apply to all assignments in all practice areas:

- [1. Introductory Actuarial Standard of Practice](#)
- [23. Data Quality](#)
- [41. Actuarial Communications](#)

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Description of Assignment	Actuarial Standard of Practice (ASOP)																				
	7	11	12	13	17	19	20	21	25	29	30	36	38	39	43	46	47	53	55	56	
<b>1.0 Appraisals</b>																					
1.1 Appraisals	7	11	12				19	20	21	25			38		43			53	55	56	
<b>2.0 Data Management</b>																					
2.1 Data management													38								56
	Note that any standards related to the purpose for which the actuary is managing data would also apply.																				
<b>3.0 Enterprise Risk Management</b>																					
3.1 Enterprise risk management	7	11	12	13				20		25			38		43	46	47	53	55	56	
3.2 Model development and/or validation, including catastrophe models	7	11						20	21				38		43	46	47	53	55	56	
3.3 Stress testing	7	11	12					20					38		43	46	47			55	56
3.4 ORSA	7	11	12	13				20		25			38		43	46	47	53	55	56	
<b>4.0 Expert Advice, Witness, and/or Testimony</b>																					
4.1 Expert testimony								17													
	Note that any standards relating to the subject on which the actuary is providing expert advice would also apply.																				
<b>5.0 Financial Analysis, Projections, and Reporting</b>																					
5.1 Analysis of cost of capital issues	7							20					30	38					53	55	56
5.2 Asset liability management	7	11						20		25			38		43						56
5.3 Profitability analysis	7	11	12	13				20					30	38	43				53		56
<b>6.0 Product Development/Ratemaking/Pricing</b>																					
6.1 Creation and review of risk classification plan				12	13					25			38	39					53		56
6.2 Evaluation of deductibles, coinsurance, and insurance to value				12	13					25	29		38						53		56
6.3 Estimation of risk provision	7			12	13			20		25	29	30	38	39					53		56
6.4 Individual risk rating	7			12	13					25	29	30	38	39					53		56
6.5 Relativity analysis and filings (e.g., increased limits factors, amount of insurance relativities, territorial relativities, etc.)				12	13					25	29		38	39					53		56

Last revised Sept 2021





# Professionalism Skit: The Growing Book

Committee on Professionalism Education





## Professional Guidance

- Precept 1 of the Code of Conduct: “An Actuary shall act honestly, with integrity and competence, and in a manner to fulfill the profession's responsibility to the public and to uphold the reputation of the actuarial profession.”





## Professional Guidance

- Precept 4 of the Code of Conduct: Communications and Disclosure “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.



# Professional Guidance

- ASOP 41: Actuarial Communications
  - 3.1 Requirements for Actuarial Communications—The performance of a specific actuarial engagement or assignment typically requires significant and ongoing communications between the actuary and the intended users regarding the following:
    - the scope of the requested work;
    - the methods, procedures, assumptions, data, and other information required to complete the work; and
    - the development of the communication of the actuarial findings.





# Professional Guidance

- ASOP 41: Actuarial Communications
  - 3.1 Requirements for Actuarial Communications
    - 3.1.1 Form and Content—The actuary should take appropriate steps to ensure that the form and content of each actuarial communication are appropriate to the particular circumstances, taking into account the intended users.



# Professional Guidance

- ASOP 41: Actuarial Communications
  - 3.4 Disclosures Within an Actuarial Report—Consideration of the items to be disclosed is an important part of the preparation of any actuarial communication.
    - 3.4.1 Uncertainty or Risk—The actuary should consider what cautions regarding possible uncertainty or risk in any results should be included in the actuarial report.





# Professional Guidance

- ASOP 36: Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves
  - Section 3.6 Materiality—The actuary should evaluate materiality based on the actuary’s professional judgment, any applicable materiality guidelines or standards, and the intended purpose for which the actuary is preparing the statement of actuarial opinion.
    - The actuary should consider the intended users in choosing the materiality standard.



# Professional Guidance

- ASOP 36: Statements of Actuarial Opinion
  - Section 3.11 Statements of Actuarial Opinion— The statement of actuarial opinion should be one of the following types:
    - Reasonable
    - Deficient or Inadequate
    - Redundant or Excessive
    - Qualified Opinion
    - No Opinion



# Professional Guidance

- ASOP 36: Statements of Actuarial Opinion
  - Section 3.11, d. Qualified Opinion—Reserves for a certain item or items within the scope of the opinion are in question because they cannot be reasonably estimated or the actuary is unable to issue an opinion on the reserves for those items.
  - The actuary is not required to issue a qualified opinion if the actuary reasonably believes that the item or items in question are not likely to be material.

## Skit Background

- Pat is a consulting actuary with over 25 years of experience.
- Pat has been the appointed actuary for Growth Is Our Middle Name (Growth) insurance company for the past 10 years.
- Growth is a specialty insurance company writing mainly professional liability for accountants, actuaries, architects, engineers, and lawyers.







## Skit Background

- Growth has been expanding its business gradually over the past few years.
- Pat is assisted on the assignment by Alex, an actuarial analyst who has been also been on the project for 10 years.
- Pat and Alex have a close working relationship with Chris, the CFO of Growth.





Lights, Camera, Action!





## General Questions

- Are there any professionalism gray areas presented in this skit?
- Questions to Consider:
  - The Materiality of the D&O Reserves
  - How the report was communicated
  - Issues with the intended user



## Alternate Endings

- Alternative 1 – Pat and Alex were justified in their actions.
- Alternative 2 – Pat and Alex could have communicated the issues better, but the opinion outcome remains the same.
- Alternative 3 – Pat and Alex should have gone back and considered Chris' claims that the D&O were not material.



# Professionalism Questions



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