



**Actuarial Board for Counseling and
Discipline**

Southeast Actuaries Conference

November 18, 2009

Copyright © 2009 by the American Academy of Actuaries



**Actuarial Board for Counseling and
Discipline**

ABCD: PURPOSES AND PROCESSES

**Robert J Rietz
FCA, FSA, MAAA, MSPA, EA**

Copyright © 2009 by the American Academy of Actuaries



Actuarial Board for Counseling and Discipline

- Role of ABCD is to
 - **Investigate** alleged violations of the Code of Professional Conduct by members and recommend discipline
 - **Counsel** (provide guidance to) members
 - **Mediate** disputes between members and others.

Copyright © 2009 by the American Academy of Actuaries



ABCD Membership

Appointed by the Council of U.S Presidents (Presidents and Presidents-elect of U.S. organizations)

Member	Area of Practice
Curtis Huntington, Chairperson	Life
Julia Philips, Vice Chairperson	Health
Carol Sears, Vice Chairperson	Pension
Linda Bell	Casualty
Paul Fleischacker	Health
Kurt Piper	Pension
Bob Rietz	Pension
Dick Robertson	Life
Michael Toothman	Casualty

Copyright © 2009 by the American Academy of Actuaries



ABCD Process

- Follows Article X of AAA bylaws and ABCD Rules of Procedure
- All ABCD guidance, mediation and inquiries are confidential
 - Actuary may make public or agree to publication

Copyright © 2009 by the American Academy of Actuaries



ABCD Inquiry

- Based on complaint from individual, typically
 - Client
 - Regulator
 - Other actuary
- At ABCD's initiative
 - Based on public document that suggests possible violation

Copyright © 2009 by the American Academy of Actuaries



ABCD Inquiry Process

- Step 1: Initiation of Inquiry
 - Complaint received
 - Reviewed by staff for completeness
 - Additional information sought as needed
 - Sent to subject actuary for response
 - Information based
 - Chairs review public document and decide to proceed
 - Sent to subject actuary for response

Copyright © 2009 by the American Academy of Actuaries



ABCD Inquiry Process

- Step 2: Chairs' review
 - Inquiry documents sent to chairs
 - Chairs evaluate for possible material violation
 - Chairs decide whether to
 - Seek additional information
 - Dismiss complaint
 - Offer mediation
 - Commence investigation

Copyright © 2009 by the American Academy of Actuaries



ABCD Inquiry Process

- Step 3: Notification
 - Notify subject actuary and complainant, if any, of Chairs' decision
 - Notify ABCD at next meeting

Copyright © 2009 by the American Academy of Actuaries



ABCD Inquiry Process

- Step 4: Investigation
 - Appoint investigator
 - Notify subject actuary for opportunity to object
 - Send direction and documents to investigator
 - Investigator
 - obtains and reviews documents,
 - interviews individuals involved,
 - prepares report of results, i.e. facts as investigator understands them
 - Report sent to subject actuary for response

Copyright © 2009 by the American Academy of Actuaries



ABCD Inquiry Process

- Step 5: ABCD consideration
 - All documents sent to ABCD members
 - Case discussed at ABCD meeting
 - ABCD decides whether to
 - Seek additional information
 - Dismiss (with/without guidance)
 - Counsel the actuary
 - Conduct a hearing

Copyright © 2009 by the American Academy of Actuaries



ABCD Inquiry Process

- Step 6: Notification
 - Notify subject actuary, investigator (and in general terms) complainant of decision
 - Schedule hearing, if so decided

Copyright © 2009 by the American Academy of Actuaries



ABCD Inquiry Process

- Step 7: Hearing
 - Conduct fact finding hearing attended by
 - Investigator
 - Subject Actuary (SA)
 - Hearing is recorded by a court reporter
 - Investigator presents results
 - ABCD and SA question investigator
 - SA presents case
 - ABCD questions SA

Copyright © 2009 by the American Academy of Actuaries



ABCD Inquiry Process

- Step 8: Deliberations
 - Meet to discuss hearing and documents
 - Decide whether to
 - Dismiss
 - Counsel
 - Recommend discipline
 - Obtain more information, reopen hearing

Copyright © 2009 by the American Academy of Actuaries



ABCD Inquiry Process

- Step 9: Notification
 - Notify subject actuary, investigator and (in general terms) complainant of decision
 - If discipline is recommended, transmit to appropriate organization(s)
 - Statement of ABCD findings
 - All documents used by ABCD
 - Transcript of hearing

Copyright © 2009 by the American Academy of Actuaries



ABCD Inquiry Process

- Step 10: Member Organization
 - If discipline is recommended
 - Conducts “show cause” hearing according to its rules
 - May decide to
 - Impose discipline recommended
 - Impose greater level of discipline
 - Impose lower level or none

Copyright © 2009 by the American Academy of Actuaries



An ABCD Inquiry

- Is a fact-finding effort, not an adversarial forum
- Examines whether or not an actuary materially violated the Code of Professional Conduct
 - not whether the actuary is liable for damages

Copyright © 2009 by the American Academy of Actuaries



Challenges/Weaknesses

- Lack of understanding within the profession of the counseling and discipline process and the role of the ABCD (exacerbated by confidentiality issues)
- Reliance on practitioners to self-police in many cases
- Timing of the process

Copyright © 2009 by the American Academy of Actuaries