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RECOMMENDATIONS

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3460 The key recommendation of this CRUSAP Report is that the U.S. actuarial organizations
3461 should hold a convention, in 2007, for the express purpose of reviewing the structure and
3462 functioning of the actuarial profession, and to address the other recommendations of the
3463 report. The convention, to be effective, should have no more than two dozen delegates.

3464 Each of the six actuarial organizations (see Appendix G) should have one senatorial
3465 delegate, plus one or more delegates based on the size of the organization. A necessary
3466 condition to be a delegate should be to agree that primary consideration will be given to
3467 the actuarial needs of the public, secondary, to the needs of the actuarial profession as a
3468 whole, and, tertiary, to the needs of existing organizations. The charge to the convention
3469 should be to consider and act upon the issues addressed in this report, with particular
3470 attention to the dozen recommendations below (presented in no priority order):

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34731.

Adopt “meeting the actuarial needs of the public” as the motto of the

3474 actuarial profession. A motto is “a short expression of a guiding principle,” which in this

3475 case is also the purpose of the profession. Incorporate this principle into actuarial

3476 education, actuarial standards, and the actuarial work product. Recognize that the term

3477 “public” includes all direct and indirect users of actuarial services, including people who

3478 may be unaware of services provided on their behalf. This includes the person retaining

3479 the actuary, shareholders, policyholders, regulators, injured workers, and plan

3480 beneficiaries. It may also include taxpayers and future generations covered under social

3481 insurance. Recognize that meeting the needs of the public does not imply a legal duty to

3482 the public. Recognize, as well, that in order for actuarial needs to be met, the profession

3483 must be attractive to current and prospective actuaries.

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Define and defend the field of actuarial science as “the quantification,

3486 analysis, and management of future contingent risk and its financial consequences.”

3487 Promote actuarial work as a science, which requires telling the truth while at the same

3488 time recognizing and accepting inherent uncertainty and the role of judgment. Fully

3489 occupy the field of actuarial science as defined, going well beyond traditional actuarial

3490 services for insurance and benefit programs. Promote enterprise risk analysis as an

3491 example of quintessential actuarial work, and the core of enterprise risk management.
3492 Charge the actuarial organizations with promoting the foregoing by means of basic and
3493 continuing education and government and public relations efforts.

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34953. Define and defend the value proposition for Fellowship by the board of
3496 directors of each educational organization. Given the public needs, identify
3497 characteristics, skills, and core knowledge that Fellowship should reflect. The value
3498 proposition of Fellowship should then lead to specific design of the educational system.
3499 Corresponding value propositions for other levels of membership in the actuarial
3500 profession should also be reflected in the design of the educational system.

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35024. Increase the use of alternative delivery systems to educate and examine
3503 prospective actuaries. Build on programs currently underway by the actuarial
3504 organizations. Provide for basic actuarial education by means of university-based
3505 actuarial science programs, and, as well, by Internet-based studies. Provide examination
3506 credit for independent research leading to a juried and published paper. Include
3507 communication skills and ethics training within the education system and as a part of the
3508 examination process. Retain substantial actuarial control over actuarial education and
3509 examination, perhaps by means of an accreditation process for universities and
3510 examination approval by a committee of actuaries established for the purpose.

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35125. Require active members of the actuarial profession to meet consistent
3513 continuing education requirements. Make continued active membership in all
3514 participating organizations contingent upon meeting triennial education requirements.
3515 Encourage the use of alternative delivery systems for this purpose. Require a significant
3516 amount of continuing education, such as 50 hours annually, but liberally allow a wide
3517 range of activities, such as independent research done in the course of a client
3518 assignment, to qualify as continuing education. Require minimum triennial study of the
3519 Code of Professional Conduct, and thereby of the profession's ethical standards,
3520 qualification standards, and standards of practice.

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35226. Investigate development of a website specifically directed at the users of
3523 actuarial services and the general public. The website should be structured as a user-
3524 friendly information resource by and about the actuarial profession. Its hallmark should
3525 be the provision of information about actuaries, actuarial work products, and the actuarial
3526 profession that might be of interest or benefit to the various publics, including direct
3527 users of actuarial services. The information should be presented in simple, easy-to-
3528 understand language. To be effective, the website should be widely publicized.

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35307. Investigate retaining a firm specializing in professional organization
3531 communications to perform a study of the current communication activities of the U.S.-
3532 based actuarial organizations. Build on existing programs already underway by the
3533 actuarial organizations. The purpose of the study should be to review the efficacy of
3534 individual and combined communication efforts and to compare the actuarial profession's
3535 communication vehicles, methods, and effectiveness with those of other professions. As a
3536 part of the study, the firm should develop a suggested plan for the implementation of an
3537 integrated communication program for the profession to identify, prioritize, and meet the
3538 needs of its membership and its various publics. Specific among these needs for the users
3539 of actuarial services would be the creation of an appropriate understanding of actuarial
3540 work products, the value of those work products, and the uncertainty that attaches to
3541 them. The goal should also be to achieve an appreciation of actuarial skills and
3542 professionalism, including the profession's standards and discipline procedures. The plan
3543 should also focus on how best to develop and convey the images of the U.S. actuarial
3544 profession, again building on existing programs.

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35468. In order to meet all the anticipated needs of the public, make a home
3547 somewhere within the actuarial profession for persons doing competent actuarial work
3548 who are not currently members of the U.S. actuarial organizations. Define "actuarial
3549 work" to be "the quantification, analysis, and management of future costs of contingent
3550 risk and its financial consequences." Designate one membership level for people who
3551 meet basic educational requirements promulgated or endorsed by the respective actuarial
3552 bodies. Retain the Fellowship designation for those who complete advanced specialty

3553 studies and pass associated examinations promulgated by the learned actuarial bodies.
3554 Admit others to the profession upon proof that they are capable of doing competent
3555 actuarial work, as defined, and willing to abide by the standards of the profession.

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35579. Explore the feasibility of enacting legislation to protect whistle-blowers,
3558 including regulators, and to permit sharing of discipline information, with safeguards.

3559 Include protections for reporting violations by actuaries as well as by clients, employers,
3560 or others. Protections should cover reporting violations of actuarial standards, as well as
3561 violations of laws or regulations.

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356310. Encourage individual actuaries to gain sufficient knowledge to speak out
3564 on major actuarial issues. One such issue is the long-term financing of the national social
3565 insurance programs. Others include pension and tort reform, enterprise risk management
3566 of corporate risk, and cost/benefit analysis of legislative proposals. Diversity of opinion
3567 need not be discouraged so long as the opining actuary complies with actuarial standards
3568 and science. Groups of actuaries should be free to express their collective opinions,
3569 subject to the stated requirement, but the actuarial organizations should continue to
3570 restrict themselves to unbiased objective statements.

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357211. Establish professional regulation of actuaries that is substantially
3573 independent of the national actuarial organizations. Create a new board for the
3574 disciplining of actuaries, charged with making disciplinary decisions on behalf of all of
3575 the actuarial organizations. Consider the issue of transparency in public disciplinary
3576 actions. Continue the counseling and guidance roles of one of the existing professional
3577 regulation bodies, and the responsibilities of the other to promulgate actuarial standards
3578 of practice and to periodically review the Code of Professional Conduct. The professional
3579 regulation bodies should confer regularly to discuss matters of common interest, such as
3580 the relationship between actuarial standards and the need for counseling or other
3581 measures.

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358312. Provide for participation in the standards and discipline process by
3584 professionals who are not actuaries. The actuarial profession should consider appointing
3585 an actuarial oversight board consisting of a significant proportion of non-actuaries. Its
3586 responsibility is to manage the professional regulation boards that it oversees. The setting
3587 of practice standards and other functions requiring actuarial knowledge should be done
3588 exclusively by actuaries.
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