

Actuarial Malpractice: Guide for a Practicing Actuary

CASUALTY ACTUARIAL SOCIETY

Puerto Rico – Spring 2006

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AMERICAN ACADEMY of ACTUARIES

**CASUALTY ACTUARIAL SOCIETY Meeting, Spring 2006
Actuarial Malpractice: Guide for a Practicing Actuary 0**

Reasons to Do the Right Thing

- Personal Satisfaction
- Personal Reputation
- Reputation of the Profession
- Avoid Discipline



Additional Suggestions

- Follow Professional Standards
 - Right Thing
 - Evidence of Generally Accepted Practice



Professional Standards

- Code of Professional Conduct
 - Precept 1, Professional Integrity
 - Precept 2, Qualification Standards
 - Precept 3, Standards of Practice
 - Precept 4, Communications and Disclosure
 - Precept 8, Control of Work Product



Professional Standards (cont)

- Statements of Principles/ASOPs
 - CAS May 1988
Statement of Principles Regarding Property and Casualty Loss and Loss Adjustment Expense Reserves
 - CAS Discussion Draft
Statement of Principles Regarding Property and Casualty Loss and Loss Adjustment Expense Reserves
(Mar 2005 – Comment Deadline May 31, 2005)



Professional Standards (cont)

- Statements of Principles/ASOPs (cont)
 - ASOP #36, Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves (Mar 2000)
 - ASOP Exposure Draft Property/Casualty Unpaid Claim and Claim Adjustment Expense Estimates (Feb 2006 – Comment Deadline June 30, 2006)



Professional Standards (cont)

- Statements of Principles/ASOPs (cont)
 - Introduction to the Actuarial Standards of Practice (Dec 2004)
 - ASOP #9, Documentation and Disclosure in Property and Casualty Ins. Ratemaking, Loss Reserving, and Valuations (Jan 1991)



Professional Standards (cont)

- Statements of Principles/ASOPs (cont)
 - ASOP #23, Data Quality (Jul 1993/Dec 2004 –
See Sec 1.4 for effective dates.)
 - ASOP #41, Actuarial Communications (Mar 2002)



Professional Standards (cont)

- Qualification Standards
 - Precept 2
 - QS for Prescribed Statements of Actuarial Opinion (Apr 2001)
 - Second Exposure Draft QS for Actuaries Issuing Statements of Actuarial Opinion in the United States (Jan 26, 2006 – Comment Deadline July 1, 2006)



Professional Standards (cont)

- Authoritative Literature



Due Care – Diligence – Skill & Care

- **Every Project**
- **Every Stage**



Due Care – Diligence – Skill & Care (cont)

- Resolve Issues/Answer Questions
- Get Help with Troubling Issues
 - Colleagues
 - ABCD
 - Legal Counsel



Due Care – Diligence – Skill & Care (cont)

- Comply with Standards
- Document Deviation
 - Reasons
 - Implications
- Caveat & Qualify as Appropriate

