

Professional Ethics: Case Studies

INTERNATIONAL ASSOCIATION OF BLACK ACTUARIES

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Case Study #1

You are a consulting actuary.

XYZ Insurance Co. asks you to estimate the reserves necessary for the company's annual filing and to provide a statement of actuarial opinion regarding adequacy of its reserves.



Case Study #1 (cont.)

Three weeks to complete the work before the filing deadline seems kind of short; however, you are happy to land this client. The CFO promises to get the data to you within the week. You tell her you will give it your best shot.



Case Study #2

Consulting actuary, you evaluate blocks of insurance business for possible purchase. Holder of an MBA, you use your accounting skills to do this.



Case Study #2 (cont.)

While you are working on a report for the CZPC Casualty Ins. Company regarding the value of the BYUS Ins. Company, the USTO Company asks you to provide it a report on the value of BYUS.



Case Study #3

You are an employee for a large consulting firm with a major government contract. Your boss sends you on a business trip to do work regarding this contract, but the trip was not authorized by the government.



Case Study #3 (cont.)

Upon your return, the boss, a senior actuary, instructs you to gross up your billing hours to cover the expenses for the trip.



Case Study #4

Actuary G is consultant for a privately-held insurer and has issued the statement of actuarial opinion several years.

Management has been “optimistic.”

Actuary G’s actuarial reports have shown “best estimates” that in truth have been based on “aggressive” assumptions.



Case Study #4 (cont.)

Actuary G learns that the owners are selling the company and are including her work in documents that establish the value of the company.



Due Care – Diligence – Skill & Care

- Every Project
- Every Step (contracting-storing completed work)



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



QUESTIONS

&

COMMENTS

