



# 12<sup>th</sup> Annual Meeting

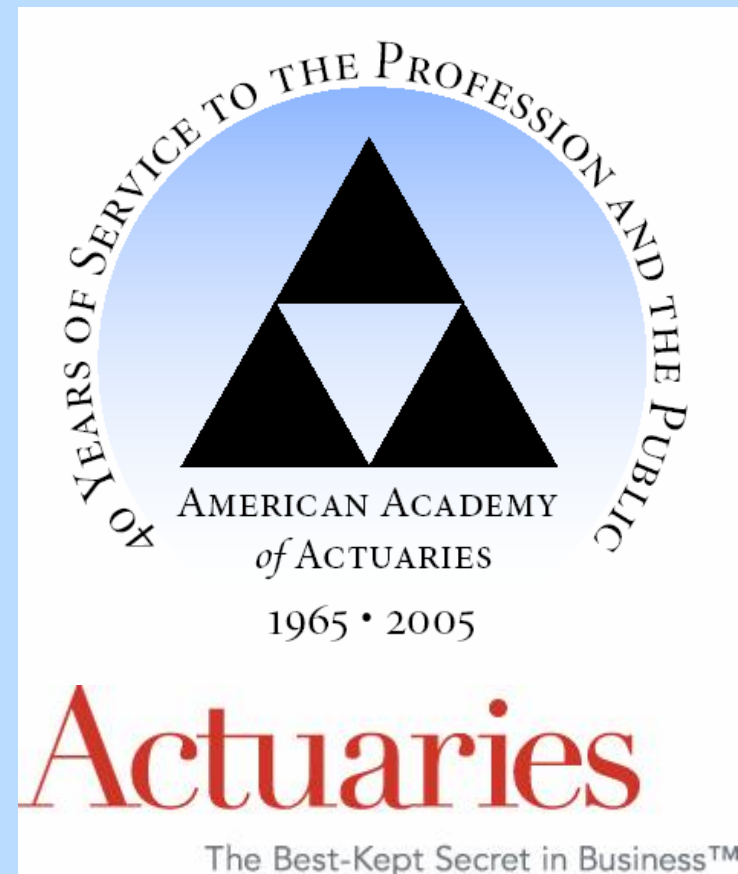
# International Association of Black Actuaries



**Tom Griffin**

*Senior Staff Attorney*

**Session I-a:  
Professionalism in  
Practice**



AMERICAN ACADEMY *of* ACTUARIES

International Association of Black Actuaries – 12<sup>th</sup> Annual Meeting  
Boston, MA – August 6, 2005

Tom Griffin, Session I-a: Professionalism in Practice



# 12<sup>th</sup> Annual Meeting International Association of Black Actuaries



## *Session I-a: Professionalism in Practice*

### *Introduction/Overview*

- Professionalism Defined
- Hallmarks of a Profession
- Reasons for Emphasizing Professionalism
- Practicing Professionalism
- More Q&A





# Professions:



- Specialized Training/Skill/Knowledge
- Service in the Public's Interest
- Independent Judgment
- Code of Ethics
- Self-policing





# Reasons to Emphasize Professionalism



- Personal Accomplishment
- Individual Professional Standing
- Respect for the Profession
- Avoid Discipline
- Reduce Litigation Risks





# Actuarial Profession



- Create and Manage Sound Financial Security Programs

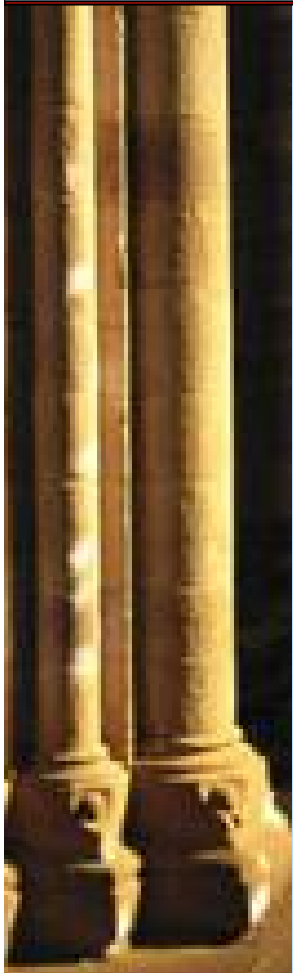




# Litigation



- **Misrepresentation/Fraud**
- **Embezzlement/Conversion/Fraud**
- **Breach of Contract**
- **Negligence**





# Negligence



- **Duty Owed (Statute, Regulation, Contract, Common Law – Due Care)**
- **Breach**
- **Proximate Cause**
- **Damages**





# Malpractice



**Professional misconduct or unreasonable lack of skill....Failure of one rendering professional services to exercise that degree of skill and learning commonly applied under all the circumstances in the community by the average prudent reputable member of the profession with the result of injury, loss or damage to the recipient of those services or to those entitled to rely upon them. [Black's Law Dictionary p. 959 (6<sup>th</sup> ed. 1990)]**





# Malpractice, continued



...any professional misconduct, unreasonable lack of skill or fidelity in professional or fiduciary duties, evil practice, or illegal or immoral conduct. [Black's Law Dictionary p. 959 (6<sup>th</sup> ed. 1990)]





# Emphasizing Professionalism



- **Derive Personal & Professional Benefits**
- **Decrease Malpractice Risk**
- **Decrease Risk of Being Successfully Sued**
- **Decrease Risk of Being Sued**





# Practicing Professionalism



## Throughout the Life of a Project





# Soliciting Business



## DO NOT:

- **Make Overstated Promises**
- **Misrepresent Competitors**
- **Underbid**





# Before Undertaking an Assignment



## YOU SHOULD:

- Make Sure You Have Adequate Time and Resources
- Make Sure the Assignment is Legitimate
- Make Sure You are Qualified
- Check for Unacceptable Risk of Legal Liability





# Make a Clear Agreement in Writing



## This Should Cover:

- Scope of Assignment and Limitations
- Time It Will Take
- Billing and Payment Arrangements
- Staffing





# Make a Clear Agreement in Writing



## This Should Cover (continued):

- Limitations on Use of Work Product
- Third Party Obligations
- Any “Hold Harmless” Agreement
- Expected Reliance on Other People
- Expected Client or Employer Support





# At the Beginning



- Create a Work File
- Review Agreement, One More Time
- Review Standards of Practice
- Actuarial Standards of Practice #23: *Data Quality* & #41: *Actuarial Communications*





# Performing the Assignment



- Devote Adequate Resources
- Keep Checking the Code and Standards
- Document Compliance with Standards
- Leave No Unanswered Questions
- Get Peer Review





# Performing the Assignment



(continued)

- **Maintain Orderly & Complete Work Files**
- **Check Company's Document Retention Policy**
- **Reliance on Others is No Excuse for Inadequate Work Product**
- **Don't Go Overboard with Your Opinion**





# Performing the Assignment



(continued)

- Include All Appropriate Disclaimers
- Minimize the Use of Boilerplate Language





# Communications



- Return Telephone Calls and E-mails
- Maintain Patience when Explaining Technical Jargon
- Issue Accurate & Detailed Billing Statements
- Copy Clients on Correspondence





# For Actuaries in Management



- **Verify Company Compliance with Applicable Laws**
- **Verify Adequate Compensation for Staff**
- **Keep Staff Informed**
- **Keep Staffing Adequate**
- **Keep Office Environment Attractive**
- **Get a Life!**





# Ethical Warning Signs



- **Odd Timing**
- **Missing Data**
- **Imposing on a Friendship or Promise of Advancement**
- **If You Have to Lie**





# Common Situations with Ethical Dilemmas



- **Pressure from ER, Client, or Colleague**
- **Failure to Disclose or Correct Errors**
- **Aggressive Interpretation**
- **Work Outside One's Competence**





# Where to Get Help



- **Talk to Professional Colleagues**
- **Company Attorney**
- **Actuarial Board for Counseling and Discipline (in the United States)**
- **Academy's Committee on Qualification Standards (in the United States)**
- **Academy's Attorneys (in the United States)**
- **Get Missing Standards of Practice from the American Academy of Actuaries**





# A Few Final Rules:



- Avoid “Black Box” Syndrome
- Signature Test
- Newspaper Test
- Be Ready to Walk

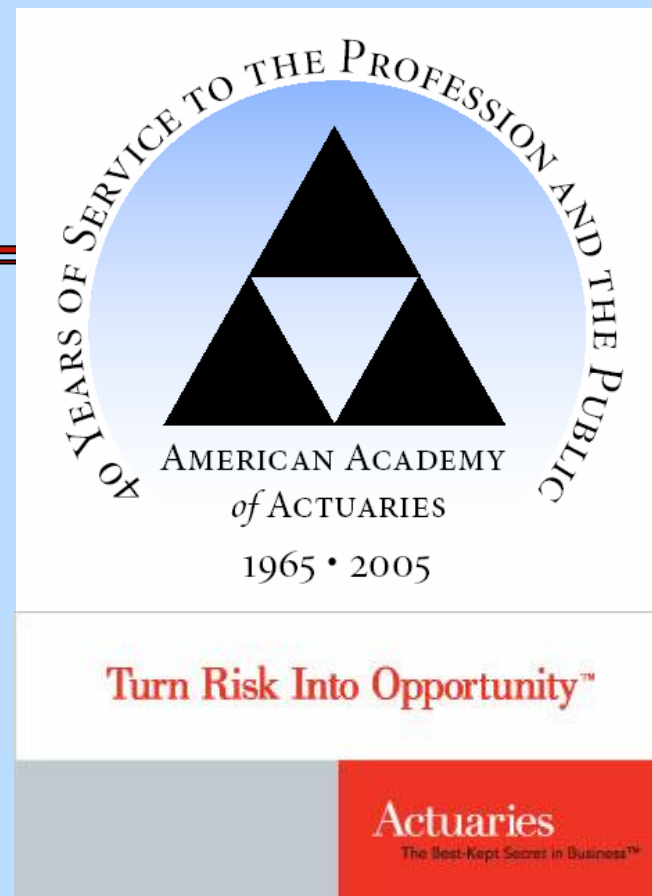




# Question & Answer Period



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