

DRAFT – FOR DISCUSSION

ASEA Discipline Committee Proposed Procedural Guidelines

From time to time, the Actuarial Board for Counseling and Discipline (“ABCD”) forwards to American Society of Enrolled Actuaries (“ASEA”) a recommendation that an ASEA member be disciplined for non-compliance with the actuarial profession’s standards of conduct, practice and/or qualifications. The ABCD’s recommendation may include findings to the effect that the ASEA member failed to comply with one or more Actuarial Standards of Practice (“ASOPs”) promulgated by the Actuarial Standards Board (“ASB”).

Although the ASOPs¹ purport to codify generally-accepted actuarial practice in various contexts, they may not adequately recognize appropriate differences in actuarial practices for Principals (as defined in ASOP 1) of different characteristics. Information that may be of significant value for one employer may be inappropriate or even misleading for another employer.

ASEA recognizes that the nature and scope of a particular assignment may impact the appropriate application of the ASOP requirements. Accordingly, upon receiving a recommendation for discipline from the ABCD, ASEA will normally follow the procedural guidelines below:

1. ASEA will provide the member who is the subject of the ABCD’s recommendation for discipline with a copy of the recommendation and supporting documents, if any.
2. ASEA will form a disciplinary panel to review the case per ASEA disciplinary guidelines. The panel will give the member a reasonable opportunity to respond to the ABCD’s findings and recommendation. If the member believes that the ABCD did not give adequate weight to individual circumstances that impacted the member’s appropriate compliance with one or more ASOPs, the member is welcome to explain those circumstances to ASEA.
3. If the ABCD’s findings include an allegation that the member failed to comply with one or more ASOPs, the panel will normally take the following steps:
 - A. The panel will review the ABCD’s findings from the perspective of that actuary’s practice, taking into account the individual circumstances of the member’s work assignment. In particular, the panel will consider the member’s professional work and the application of any relevant ASOPs in the context of the characteristics of the Principal and whether the work was in fact consistent with generally-accepted practice for similarly situated Principals.

¹ As used in this memo, references to compliance with ASOPs is used as including compliance with any portion of the code of conduct, which includes, primarily, but not exclusively, compliance with ASOPs.

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- B. In determining whether and how to discipline the member, the panel will also consider whether the member made a good faith effort to comply with applicable ASOPs consistent with the nature and scope of the member’s work. To do so, the panel will look to the circumstances of the engagement and will also take into account whether the member made use of the ASOP Interpretive Notes/Disclosures issued from time to time by the ASEA Discipline Committee.

ASEA strongly encourages its members to review the ASOPs and to make use of the ASEA Discipline Committee’s ASOP Interpretive Notes. These notes are intended to assist ASEA members in providing professional services that are consistent with generally accepted plan practice for similarly situated Principals. They offer non-binding, advisory guidance on how plan practitioners can practice in a manner that follows the intent of the ASOPs while accommodating the challenges and limitations of individual assignments.