



CARIBBEAN ACTUARIAL ASSOCIATION



Accredited as a Full Member  
of the International Actuarial Association

24th Annual CAA Conference  
Hilton Barbados Resort  
Bridgetown, Barbados  
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# Professionalism

## Professionalism from a U.S. Actuary's Perspective

Errol Cramer, President, Society of Actuaries

[Errol.cramer@soa.org](mailto:Errol.cramer@soa.org)

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# To Whom is Actuary Responsible?

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- Key Stakeholders
  - Employers/clients
  - Customers/Policyholders
  - Regulators/Public

# The Actuary as a High-Level Professional

- What does it mean to be a “Professional”?
  - Expertise – Value of SOA or other high actuarial credential
  - Examinations plus career-long professional development
  - Qualification standards for providing Professional Statements of Actuarial Opinion (PSAO)
  - Applying judgment, based on experience
  - Serve societal needs

# Evolving Role of the Actuary

- Need to stay relevant in a world of rapidly accelerating change
- Evolution to higher-level business decision-making, away from technical functions
- Certified Actuarial Analyst role as technical support to the actuary

# Example – Employers/Clients

- Appointed Actuary - Regulatory actuarial opinion and memorandum (AOM)
  - Formulate opinion on company's reserve adequacy based on thorough analysis of risk
    - Access to management's strategies and operations
    - Evaluation of company's risk profile
    - Evidentiary support of assumptions/assertions
    - Due diligence on reliances
  - Recommend business actions based on findings

# Example – Customers/Policyholders

- Illustration Actuary (IA)
  - IA certification on current illustrated scales
    - Demonstration of supportability
    - Nonguaranteed elements policy
    - Documentation of management rate setting actions
  - Balancing company's profit needs with fair treatment of policyholders

# Example – Regulators/Public

- SOA-commissioned Blue Ribbon Panel on Public Pension Plan Funding
  - Independent panel of high-level key stakeholders, including actuaries, to formulate recommendations to improve funding of public pension plans
  - Underfunding of public pension plans is current high-profile issue
  - Actuaries considered key experts to provide solutions
  - Reputation risk if actuaries fail to meet expectations



# Example – Potential Conflict with Company Management

- Personal example from first few months as a new hire
- Well-respected senior executive due to earn large bonus by driving sales of an innovative product. My evaluation determines inadvertent double-counting of profits. Given this is December, pressure on me to defer action to next year
- Is it fair to penalize this senior executive?
- My responsibility to the Board is to ensure accurate measure of profits, not to make decisions on bonuses

# Example – Potential Conflict between Company and Regulator

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- Surplus relief funding
  - Need balance between reasonable levels of capital and redundancies in reserves to show that company is operating in a reasonable and efficient way

# Wrap-Up

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Professionalism =  
Highly Skilled Actuarial Skills  
+  
Adding Value through Professional  
Judgment