

Discipline Report

This is the sixteenth periodic report to Members and Associates prepared in accordance with Bylaw 20.12(8). Its primary purpose is to educate and inform all Members and Associates about the disciplinary process and current disciplinary activities. Please send any comments or suggestions for improvements to these reports to Brian FitzGerald or myself at our *Yearbook* addresses. Information in this report regarding specific cases represents the status thereof at April 30, 2003.

1. Meetings

The Committee on Professional Conduct's formal meeting scheduled for December 9, 2002 was held by conference call. A formal meeting was held on March 28, 2003. The committee also held two telephone conference calls. Future meetings of the committee have been scheduled for June 6, September 23 and December 5, 2003.

2. Disciplinary Costs (\$000)

	FY 03-04		FY 02-03	
	Actual	Budget	Actual	Budget
Legal costs	2*	–	216	–
Incremental costs	–	–	33	–
	2	300	249	180
	Actual		Actual	
Costs recovered	–		–	
No. of cases reviewed	N/A		20	

* To date, only one invoice has been received from legal counsel for the month of April.

3. Cases

(a) Charges laid and cases completed

There are no cases with respect to which tribunals have been completed since the last periodic report in December 2002.

There are two cases with respect to which charges have been laid. Disciplinary Tribunals have been appointed by the Chairperson of the Tribunal Panel, in accordance with Bylaw 20.06(1), and arrangements are being made to hear these charges.

Please note that pursuant to the Bylaws, the Executive Director published a Notice to the public and the membership with respect to one of these cases on November 4, 2002. With respect to the other case, the Executive Director will publish a Notice to the public and the membership approximately 15 days prior to any hearing before a Disciplinary Tribunal. This Notice will include the date, time and place of the hearing and a summary of the charge, but will not disclose the name of the Member or Associate charged.

Any member who wishes to request more information about the disciplinary process may obtain that information from the Executive Director.

(b) Complaints and information

Apart from the cases mentioned in (a), in the period since the December 2002 report, the committee has considered 13 complaints, or other information which might lead to complaints, against 16 Members or Associates.

Six new cases have been received for the committee's consideration. The committee has referred two of these to two Investigation Teams. In two others, the committee decided to dismiss the complaints. In the last two, the committee has not yet decided how to proceed.

In one earlier case, upon reviewing the Investigation Team report and the response provided by the member, the committee decided to dismiss the matter.

The committee had previously referred the remaining six cases to five Investigation Teams, whose investigations are continuing.

(c) Summary by Practice Area

The 15 cases set out above may be summarized by practice area as follows:

Life	4
Pension	10
P&C	1
Workers' Compensation	0
Actuarial Evidence	0

4. Policy in the Event of a Failure of an Insurance Company

The insolvency of an insurance organization regulated in Canada is a matter of Canadian public interest in general and, given the critical role played by actuaries in the management of such organizations, of concern to the Canadian Institute of Actuaries in particular. Since 1994, the Institute has had a policy in place (the "1994 policy") that triggers a review whenever such an organization becomes insolvent. The review has two components. The first is an investigation of the relevant standards of practice of the Institute to ensure that they are adequate. The second is a review of the work performed by the appointed actuary or valuation actuary.

The 1994 policy called for the President of the Institute to establish the process for the review on each occasion one was required. At a meeting on March 26 of this year, the Board rescinded the motion establishing the 1994 policy and, by do-

ing so, confirmed the responsibility of the Committee on Professional Conduct (CPC) to initiate and undertake such reviews.

Under the current Bylaws of the Institute, the implementation of the disciplinary process, including the review of the work of a Member or Associate and, when necessary, the investigation of a Member or Associate, falls exclusively within the jurisdiction of the CPC.

In future, at any time the CPC is made aware that an insurance organization regulated in Canada is insolvent, it will treat such knowledge as "information" in accordance with Bylaw 20.02(1). As a result, the work of the appointed actuary or the valuation actuary for the insolvent insurance organization at the material time will be subject to review. This review will follow the normal rules of procedure under the disciplinary process.

During the course of the disciplinary process the CPC may become aware of concerns, questions or inconsistencies regarding the relevant standards of practice of the Institute. In accordance with its normal practice, after the completion of the process, the CPC will communicate to the Practice Standards Council any such concerns, questions or inconsistencies.

The intent to review, as a matter of general policy, the work of the appointed or valuation actuary under the given circumstances is a matter of public knowledge. As always, rigorous procedures will be applied to ensure that the details of the investigation are kept confidential. If anyone should enquire whether an investigation is being conducted into a particular insolvency, the response given by the Executive Director will be as follows: "The CPC always undertakes to review the facts surrounding the insolvency of an insurance organization regulated in Canada, and to take any measures it deems necessary."

Peter Morse
Editor, Committee on Professional Conduct