

December 21, 2004

## Notice of Disciplinary Tribunal Hearing

**P**ursuant to Bylaw 20.06(6), a notice of a hearing before a CIA Disciplinary Tribunal is hereby provided to inform members of the Institute and the public about a current disciplinary case. Any such notice shall include at least the date, time and place of the hearing and a summary of the charge. The notice shall not, however, disclose the name of the member charged to avoid affecting the member's reputation before the disciplinary decision becomes final.

Four separate charges have been filed by the Committee on Professional Conduct against a member. Three of these charges are in connection with the valuation of the policy liabilities of two insurance organizations and one of the charges is in connection with the valuations of a pension plan. These charges have been referred to one Disciplinary Tribunal, which will hear all the charges together.

The charges against the member are summarized as follows:

### 1. Insurance

Three of the charges against the member arise in connection with actuarial work performed with respect to (1) the valuation of an insurance organization's policy liabilities as of year-end 2000; (2) the valuation of an insurance organization's policy liabilities as of year-end 2001; and (3) the valuation of another insurance organization's policy liabilities as of year-end 2001, respectively.

With respect to these three valuations, these charges allege, in particular, that the member:

- (a) did not have the knowledge and skill required to perform the role of Appointed Actuary for the valuations, since he had not performed appropriate or sufficient continuing professional development activities, and did not demonstrate that he had gained appropriate and sufficient knowledge from other activities;
- (b) did not select appropriate assumptions and methods, in particular the investment and expense assumptions, and the use of the Canadian Asset Liability Method with respect to the year-end 2001 valuations;
- (c) did not adequately disclose the actuarial methods and assumptions employed; and

- (d) did not fulfill his professional and legal obligations as Appointed Actuary of these insurance organizations.

In so doing, the member is charged with having violated Rules 1, 2, 3, 4 and 15 of the former Rules of Professional Conduct.

### 2. Pensions

The fourth charge against the member arises in connection with actuarial work performed for a pension plan with respect to the initial valuation report as at December 31, 1998, the revised valuation report as at December 31, 1998 and the valuation report as at December 31, 2001. In particular, this charge alleges that the member:

- (a) did not maintain sufficient documentation and work-files with respect to any check procedures that may have been established and did not establish suitable check procedures to test the sufficiency and reliability of the data, in particular with respect to the interest credit rate used and the data reconciliation;
- (b) did not provide sufficient and/or correct information to permit another actuary to make an appraisal of the valuation. In particular the initial valuation report as at December 31, 1998 contained numerous inaccuracies and generally lacked clarity;
- (c) failed to provide appropriate responses to queries from the regulator; and
- (d) having reduced members' interest credits to reflect an asset impairment, and hence having reduced the liabilities for the plan's defined contribution provision, did not make a similar adjustment in the asset value used, resulting in an overstatement of the surplus disclosed in the plan's initial and revised 1998 valuation reports.

In so doing, the member is charged with having violated Rules 1, 2, 4 and 9 of the former Rules of Professional Conduct.

The hearing of these charges will take place beginning on January 10, 2005 at 10:00 a.m. at 112 Adelaide Street East, Toronto, and is expected to last that full week.