

## Discipline Report

This is the eighteenth periodic report to Members, Associates and Affiliates prepared in accordance with Bylaw 20.12(8). Its primary purpose is to educate and inform all Members, Associates and Affiliates about the disciplinary process and current disciplinary activities. Please send any comments on or suggestions for improvements in these reports to the Executive Director or myself at our *Yearbook* addresses. Information in this report regarding specific cases represents the status thereof at March 31, 2004.

### 1. Meetings

The Committee on Professional Conduct held formal meetings on December 5, 2003 and March 30, 2004. The committee also held two telephone conference calls. Future meetings of the committee have been scheduled for April 13 (conference call), May 5 (conference call), June 29 (Toronto), September 13 (Toronto) and December 7, 2004 (Montréal).

### 2. Disciplinary Costs (\$000) to March 31, 2004

	FY 03-04		FY 02-03	
	Actual	Budget	Actual	Budget
Legal costs	177	–	216	–
Other costs	29	–	33	–
	<b>206</b>	<b>300</b>	<b>249</b>	<b>180</b>
	<b>Actual</b>		<b>Actual</b>	
Costs recovered	40		–	
No. of cases reviewed	18		20	

### 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 November 2003.

#### (b) Private admonishment issued

A private admonishment was issued against an individual. In accordance with Bylaw 20.04(1) adopted in 1998, private admonishments are treated as confidential. Therefore, no additional details may be provided regarding this case.

#### (c) Charges laid

Charges were previously filed against a member in connection with various pension plan valuations. Charges have recently been filed against a member in connection with two valuations of the policy liabilities of an insurance organization. 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.

Charges have also recently been filed against a member in connection with work performed in the wind-up of a pension plan. The member has been offered a recommendation of sanction (often called the “fast-track”), including a public reprimand and the payment of a fine and part of the costs incurred by the Institute.

Please note that pursuant to the Bylaws, 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, Associate or Affiliate charged.

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

#### (d) Complaints and information

Apart from the cases mentioned in (a), (b) and (c), in the period since the November 2003 report, the committee has considered 13 complaints, or other information which might lead to complaints, against 14 Members, Associates or Affiliates.

Five new cases have been received for the committee’s consideration. In two of these, the committee decided to dismiss the complaints. In the three others, the committee is obtaining further information before deciding how to proceed.

In one earlier case, after consideration, the committee decided not to proceed with the information received.

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

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

#### (e) Summary by Practice Area

The 18 cases set out above may be summarized by practice area as follows:

Life	3
Pension	12
P&C	1
Workers' Compensation	0
Actuarial Evidence	2

#### 4. The Discipline "Notice" Letter

Have you received a discipline "Notice" letter? Probably not, and the likelihood is that most members never will. However, it is possible that at some point in your professional practice an issue could arise which might cause you to receive such a letter. The discipline process is necessarily formal and structured and as such the letter you may receive can appear disconcerting because it is very formal.

The Committee on Professional Conduct (CPC) is charged by Bylaw 20 to respond to all complaints and/or information received concerning the professional work or conduct of a Member, Associate or Affiliate of the Institute. The complaint/information that comes to the attention of the CPC may arise from an outside source such as a client or regulator, from another member, or simply as a result of the failure of an insurance organization, which is an event that the CPC is required to treat as "information." If the CPC considers the issue to be frivolous or immaterial, it could dismiss the matter without further action. In some cases, the CPC will refer the complaint directly to an Investigation Team or IT (see below for more information concerning the duties of the IT). Otherwise, the CPC will usually contact the actuary involved (called "respondent") in writing and he/she will be informed of the issue and given the opportunity to respond. At that time you will be provided with a copy of a Respondent's Handbook that will outline the Discipline process for you and provide guidelines as to how you might handle yourself through the whole process. This document is very detailed and includes helpful flowcharts which illustrate the complete disciplinary process. This document is not a public document, but is available to all Members and can be obtained by request to the CIA Office.

So, how should you react if you receive such a letter?

Your first reaction should be to remain calm and not to panic! Take the time to assess the situation and to understand clearly what is being asked of you and which actions are being questioned. Read the Respondent's Handbook and the correspondence which contains the complaint or information. Assemble the information requested and prepare appropriate explanations of all the relevant issues. Should you have any doubts or concerns, it might be advisable to get legal advice at this time. However, do not drag your feet unnecessarily, and remember it is your professional obligation to cooperate fully with the discipline process.

If, for any reason the issue is deemed to be urgent, a special meeting of the CPC or telephone conference call will be arranged to deal with the case. Otherwise the members of the CPC will consider the information it has, and your response, at their next regular meeting. As a result of this assessment, the CPC can decide not to proceed further with the matter. Alternatively it may decide that the issue deserves a formal investigation. In that case, it will appoint an Investigation Team of (usually) three knowledgeable and non-conflicted members to conduct that investigation on a completely confidential basis.

The Investigation Team (IT) will then undertake their task and will review all relevant documents and will interview the complainant and the respondent, and other parties it considers relevant to the investigation. Following their investigation, the IT will prepare a written report to the CPC. Before the CPC takes any further action, a copy of the IT report will be sent to the respondent and you will be given an opportunity to respond to it. Following receipt of your comments on the IT report, (which are not compulsory but are advisable), the CPC will once more discuss the entire issue and the available information including the complaint, the IT Report and your comments, and will make a determination whether the issue can be dismissed, or whether a charge should be filed and one of the disciplinary measures provided for in the Bylaws should be pursued. A hearing before a Disciplinary Tribunal is only one of the available options.

The important message in all of this process is that there are many steps and safeguards between the receipt of a letter from the CPC and any disciplinary action. So, if you do receive such a letter, sit up, pay attention and follow the process. You can rest assured that the entire process until charges are filed is confidential, and that great pains are taken to ensure that you will have an opportunity to explain your actions and that all those involved in the investigation and CPC actions are free of any conflicts.

**Peter Morse**  
**Chairperson, Committee on Professional Conduct**