

AGREEMENT ON JOINT DISCIPLINE

This Agreement on Joint Discipline ("Agreement"), dated as of November 17, 2012, is entered into by and among the undersigned organizations (individually a "Party" and collectively the "Parties").

WHEREAS, the Parties are independent professional actuarial organizations, and wish to enhance the efficiency and consistency of disciplinary proceedings relating to their respective members; and

WHEREAS, the Parties agree that it is in the best interests of their members to establish a joint disciplinary process aimed at reducing the potential number of proceedings to which a member could be subject, and reducing inconsistency in disciplinary determinations among the respective organizations;

NOW THEREFORE, the Parties, in consideration of the promises and covenants contained herein, do hereby agree as follows:

- 1. Joint Discipline Council.** The Presidents and Presidents-Elect of the Parties shall make up the Joint Discipline Council ("Council"), and shall have the rights and duties set forth in this Agreement. The Council shall elect a chairperson pursuant to procedures established by the Council. Unless otherwise provided herein, decisions of the Council require a majority vote, with at least one representative from each Party voting with the majority.
- 2. Disciplinary and Appeal Panel Member Pool.** The Council shall establish and oversee a pool of potential Disciplinary and Appeal Panel members ("Pool") from the Party organizations. Individuals shall be appointed to the Pool in accordance with procedures established by the Council, and the respective bylaws, rules and policies of the Parties.
- 3. Consideration of Disciplinary Action.**
 - A. A disciplinary proceeding shall commence upon the issuance of a recommendation to discipline a member of one or more of the Party organizations (the "Subject Actuary") from the Actuarial Board for Counseling and Discipline, or other appropriate body with authority under a cross-border agreement to investigate and make findings with respect to the conduct of such member ("Referring Body"). Pursuant to this Agreement, such recommendations shall be referred by the relevant Party organizations to the Council. Upon receipt of such a disciplinary recommendation, the Council shall appoint a Disciplinary Panel, including a chairperson, to consider and act upon the recommendation. The Disciplinary Panel shall consist of at least 5 persons, and shall be selected from the Pool pursuant to procedures established by the Council.
 - B. The composition of the Disciplinary Panel selected to consider and act upon a disciplinary recommendation shall meet the following requirements:
 1. At least one Disciplinary Panel member shall be appointed by the Council representatives for each of the Party organizations of which the Subject Actuary is a member.

2. The Disciplinary Panel shall have majority members in each of the Party organizations of which the Subject Actuary is a member, unless the Council, in its sole discretion, determines that compliance with this requirement is not feasible. In the event the Council determines compliance with this requirement is not feasible, and such noncompliance is inconsistent with the bylaws of a Party organization of which the Subject Actuary is a member, the case shall be referred back to such organization to consider and act upon the disciplinary recommendation pursuant to its own disciplinary procedures, and the case shall proceed pursuant to this Agreement with respect to the other Party organizations of which the Subject Actuary is a member.
 3. Each Disciplinary Panel member shall be a member of at least one of the Party organizations of which the Subject Actuary is a member.
- C. The Subject Actuary shall have the right to object to the participation of any member of the Disciplinary Panel, pursuant to procedures established by the Council. The Council in its sole discretion may replace one or more members of the Panel in response to such an objection.
 - D. The Disciplinary Panel shall hold a hearing to consider the matter unless both the Subject Actuary and the Disciplinary Panel agree that it need not be held. The Subject Actuary shall have the right to appear personally and with counsel (at the Subject Actuary's expense) at such hearing to explain the member's position concerning the recommendation of the Referring Body. The role of the Subject Actuary's counsel shall be limited to advising the Subject Actuary and articulating appropriate procedural objections; the role of the Disciplinary Panel's counsel shall be similarly limited.
 - E. If an investigator was appointed by the Referring Body to assist in reviewing the matter at issue, such investigator may be requested by the Disciplinary Panel Chairperson to appear and present a report at the Disciplinary Panel hearing.
 - F. The Disciplinary Panel may dismiss the matter or take disciplinary action. Disciplinary action may include a private reprimand, public reprimand, suspension of membership, or expulsion. The Disciplinary Panel may also refer the matter to the Actuarial Board for Counseling and Discipline or other appropriate Referring Body to counsel the Subject Actuary, whether or not the Disciplinary Panel decides to impose discipline. Counseling shall not constitute discipline.
 - G. Disciplinary action requires an affirmative vote of a supermajority of the entire membership of the Disciplinary Panel. For purposes of this Agreement, a "supermajority" shall be defined as all or all but one of the entire membership of the Disciplinary Panel. A decision to refer the Subject Actuary for counseling requires a simple majority vote of the entire membership of the Disciplinary Panel.
 - H. A decision by the Disciplinary Panel to privately reprimand, publicly reprimand, or suspend a Subject Actuary for a period up to and including 2 years shall be effective 45 days after the date of the action, if the Subject Actuary does not appeal the decision. If the Subject Actuary appeals the decision, the action shall

be effective as set forth in Section 4. A dismissal shall be effective when the decision is rendered.

- I. A decision by the Disciplinary Panel to suspend a Subject Actuary for more than two years or expel the Subject Actuary shall be referred to the Party organization(s) of which the Subject Actuary is a member for a final disciplinary decision, if the Subject Actuary does not appeal the Disciplinary Panel's action. The Party organization(s) may affirm the decision of the Disciplinary Panel, or reduce the discipline to no less than a suspension of two years, with such action being effective on the date of the Party organization's decision. If the Subject Actuary appeals the action of the Disciplinary Panel, the action shall be effective as set forth in Section 4.

4. Appeals. A Subject Actuary against whom a decision of private reprimand, public reprimand, suspension, or expulsion has been rendered shall be entitled to appeal such a decision solely on the grounds of a material procedural error in the Disciplinary Panel proceedings, a material factual error by the Disciplinary Panel evident from the record of the proceedings, or the existence of new evidence that was not reasonably available during the Disciplinary Panel proceedings. The Council shall reject any appeal that is not based upon one of these grounds. Appeals shall be subject to the following:

- A. The notice of appeal shall be in writing, and shall state the specific grounds for the appeal.
- B. The Council shall select an Appeal Panel from the Pool meeting the same selection criteria, and subject to the same right of objection, as set forth in Section 3 for Disciplinary Panels. No member of a Disciplinary Panel may serve on the Appeal Panel considering the same matter.
- C. All rights and privileges of membership in the Subject Actuary's Party organization(s) shall be retained during the pendency of the appeal.
- D. The Subject Actuary may appear personally and with counsel (at the Subject Actuary's expense) before a hearing of the Appeal Panel to explain the Subject Actuary's position concerning the Disciplinary Panel's determination and the basis for appeal. The role of the Subject Actuary's counsel shall be limited to advising the Subject Actuary and articulating appropriate procedural objections; the role of the Appeal Panel's counsel shall be similarly limited. A hearing need not be held if both the Subject Actuary and the Appeal Panel agree that it not be held.
- E. The scope of the Appeal Panel's review shall be limited to determining whether there was a material procedural error in the Disciplinary Panel proceedings, a material factual error by the Disciplinary Panel evident from the record of the proceedings, or whether new evidence exists that was not reasonably available during the Disciplinary Panel proceedings. The decision of the Disciplinary Panel may be affirmed, or remanded to the Disciplinary Panel with instructions for further proceedings. In the case of a remand, the matter shall be remanded to the Disciplinary Panel that previously considered the matter, unless the matter is remanded due to a procedural defect in the composition of the original Disciplinary Panel, in which case the matter shall be remanded to a new Disciplinary Panel convened by the Council. An action of the Appeal Panel requires a simple majority vote of the entire membership of the Appeal Panel.

- F. The decision of the Appeal Panel to affirm a Disciplinary Panel decision shall be effective on the date the appeal is decided. However, in the event the Appeal Panel decision affirms a suspension of greater than two years or an expulsion, such decision shall be referred to the Party organization(s) of which the Subject Actuary is a member for a final disciplinary decision. The organization may affirm the decision, or reduce the discipline to no less than a suspension of two years. Such action shall be effective on the date of the organization's decision.
5. **Reinstatement.** An individual who has been expelled or suspended from any of the Party organizations may be reinstated only through an action of the Board of Directors of such organization, or as otherwise provided by the bylaws or internal procedures of that organization.
6. **Confidentiality of Proceedings.** Except as otherwise provided herein, or by waiver of the Subject Actuary, all proceedings under this Agreement shall be confidential. Situations in which confidentiality is breached shall be handled in accordance with procedures established by the Council. Notwithstanding the foregoing, information concerning the facts and dispositions of decided cases (redacted to omit the identity of the Subject Actuary in cases in which private or no discipline was imposed) shall be available to Disciplinary Panels or Appeal Panels for the purpose of assisting in such Panels' consideration of other matters pending before them. Such redacted case information may also be made available to members of the Party organizations for educational purposes.
7. **Notifications.**
- A. Final decisions of Disciplinary and Appeal Panels shall be transmitted to the organizations of which the Subject Actuary is a member, the Referring Body, the Subject Actuary and, in cases of public discipline, to other organizations, such as government entities or news organizations, designated by the Disciplinary Panel to receive such notice under procedures established by the Council. If the case arises from a written complaint and public discipline has been imposed, notice of the disposition shall also be furnished to the complainant. Disciplinary notices shall include a summary of the facts involved, a summary of the findings as to the Code of Professional Conduct precepts found to have been materially violated, and the discipline imposed.
- B. The Parties shall notify their members of all instances in which public discipline, including a public reprimand, suspension or expulsion, has been imposed on one of their members. Such notification should occur within a reasonable period of time after the action has taken effect as described above.
- C. In the event of subsequent reinstatement of an expelled or suspended member, the Parties shall give notice of such action to all their respective members and also to entities previously advised under this Agreement of the expulsion or suspension.
8. **Procedures.** The Council shall establish procedures not inconsistent with the provisions herein for implementation of this Agreement. Procedures, or amendments thereto, shall be effective upon approval of two-thirds of the members of the Council, including at least one member from each Party, following exposure to members of the Party organizations for comment for a period of not less than 30 days.

9. **Implementation.** The Parties shall agree on an appropriate legal structure, as well as funding, operational and administrative matters, to implement this Agreement.
10. **Effective Date.** This Agreement shall be effective for cases referred to the Council by a Referring Body on or after March 31, 2013.
11. **Amendments.** This agreement may be amended only with the written consent of all the Parties. Any Party may propose an amendment to this Agreement pursuant to procedures established by the Council.
12. **Withdrawal and Termination.** Any Party hereto may withdraw from this Agreement upon 30 days written notice to the other Parties. In the event that a Party submits such written notice, all cases relating to members of that Party for which there has been an initial selection of a Disciplinary Panel by the Council at the time of that notice shall conclude under the terms of this Agreement. In the event any Party withdraws from this Agreement, it shall remain valid as to the other Parties. This Agreement shall terminate upon the agreement of the then existing Parties thereto, or automatically upon the withdrawal of all of the Parties from the Agreement.

SIGNED ON NOVEMBER 17, 2012

Cecil Bykerk
President
American Academy of Actuaries

SIGNED ON NOVEMBER 17, 2012

Barry Levy
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