

Professionalism

Presentation to IAA Fund Meeting

Estelle Pearson

Senior Vice President

Actuaries Institute Australia



- What is professionalism – the IAA view
- The 12 pillars of professionalism
- Putting the elements into practice
- “Professionalism” as an asset



INTERNATIONAL ACTUARIAL ASSOCIATION
ASSOCIATION ACTUARIELLE INTERNATIONALE

“professionalism”, for the actuarial profession, means:

- the application of specialist actuarial knowledge and expertise
- the demonstration of ethical behaviour, especially in doing actuarial work
- the actuary’s accountability to a professional actuarial association or similar professional oversight organisation



An actuary shall perform professional services only if competent and appropriately experienced to do so.

Professionalism

**Principle A:
Knowledge and Expertise**

Specialist knowledge

Professional communication

Required education

Continuing professional development

Professional Standard on CPD

Activities that have the objective of the maintenance, improvement and broadening of knowledge and skill and the development of the personal and professional qualities needed for the provision of Professional Services and which are:

- (a) relevant to the Member's current role; or
- (b) in related disciplines that bear on the Member's work; or
- (c) in an area in which the Member **contemplates** practising in the future; or
- (d) in an area which **broadens** the Member's **professional skills and experience**.

CPD must be undertaken in a number of permissible areas, including:

- **professionalism**, including professional and ethical standards
- business and management skills, including **communication** and negotiation skills, people management, project management and leadership skills

- Professional Standard on CPD
- random audits of compliance
- requirements supported by:
 - Actuarial Capabilities Framework
 - Capability Assessment Tool
 - Capability Assessment Report
 - Capability Development Planner
 - Events calendar populated with capability icons

CONTRIBUTION TO BUSINESS STRATEGY

The understanding of context and need for reassessment, followed by the generation and assessment of ideas, strategy and modelling, through to the explanation, promotion and selling of the strategy to ensure implementation.

LEADERSHIP

The demonstration of leadership in deriving some or all of self, others, business or thinking at a high strategic level.

ACTUARIAL APPROACH TO PROBLEM SOLVING

The employment of an holistic approach utilising technical knowledge, skills and judgment to enable valued advice and authoritative comment to be provided to stakeholders.

VALUING UNCERTAIN FUTURE CASH FLOW

The provision of reasoned, relevant and justifiable projected cash flows and the application of professional judgment in analysis, communication, reporting, monitoring and advising clients.

RISK MANAGEMENT

The application of a broad, proactive approach to the development and improvement of a client's risk culture, ensuring the strong engagement of the Board and senior management. This also includes the systematic development, implementation and promotion of policies, processes and support at all levels for the defined risk framework.

PROFESSIONAL GOVERNANCE

The adoption of professional approaches and practices required to provide Prescribed Actuarial Advice, while maintaining currency of own capability and contributing to the development of the profession.

PRODUCT DEVELOPMENT, MANAGEMENT AND PRICING

The demonstration of product management, development and pricing which incorporates and balances stakeholders needs, commercial realities, the external market, sales and marketing consistency, financial objectives and risk management.

INVESTMENT ADVICE AND GOVERNANCE

The provision of documented, demonstrated advice on management and development of investment portfolios, including consideration of investment objectives, market knowledge, asset liability modelling, Strategic Asset Allocation and communication with stakeholders.

Insights

NEW CAPITAL STANDARDS FOR PRIVATE HEALTH INSURERS

Presented by Paul Groeneweg and Matthew Crane

Thursday 9 October 2014, 12.00 - 2.00pm

Actuaries Institute, Level 2, 50 Carrington Street, Sydney, NSW [More Info](#)

REGISTER FOR
SESSION >

REGISTER FOR
WEBINAR >

+ ADD TO
CALENDAR



CPD Points: 4

External Event

18TH EAST ASIAN ACTUARIAL CONFERENCE

Risk, Challenges and Opportunities

Sunday 12 - Wednesday 15 October 2014

Taipei International Convention Centre, Taipei, Taiwan [More Info](#)

REGISTER
NOW >

+ ADD TO
CALENDAR

Insights

ACTUARIAL PRACTICE IN ASIA – GENERAL INSURANCE AND WIDER FIELDS

Presented by Stewart McCarthy

Monday 13 October 2014, 6.00pm - 8.00pm

Hilton Singapore Hotel, 581 Orchard Road, Singapore, Singapore [More Info](#)

REGISTER
NOW >

+ ADD TO
CALENDAR



CPD Points: 4

Practice Risk Management eLearning Course



Don't put yourself at risk!

Sign up for this self-paced program, designed to help you minimise and manage the risk of reputational damage. The course is interactive and designed to cater to different learning styles and develop your skills in safeguarding your professional reputation.

Over seven units you will examine common pitfalls and learn best practice in a range of areas, including:

- client screening;
- terms of engagement;
- peer review;
- billing practices;
- managing conflicts of interest and client expectations;
- security of client data and confidentiality;
- handling complaints; and
- maintaining impartiality and objectivity.



Feedback from participants

"...course design structure was very helpful as the small sections and units of study enabled me to learn in pieces and it suited my busy day..."

"...variation of delivery methods was really engaging and kept my interest throughout the course..."

Enrol today at www.actuaries.asn.au/PRM

Whistleblowing eLearning Course



Whistleblowing – it's a matter of integrity, trust and ethics

Sometimes, you may have concerns about what you hear or read in the course of your work. Most of the time, such concerns are resolved through discussion and negotiation with the parties involved. However what happens when the circumstances lead to you having to make the decision on whether to blow the whistle?

Sign-up for this self-paced study program, where in six units you will:

- understand the statutory duties and discretion to whistleblow;
- gain insights into how to ensure you do not lose the statutory protections available to whistleblowers;
- explore the relationship between the statutory regimes and your obligations under the Code of Professional Conduct to act with integrity and maintain confidentiality;
- learn the practicalities of what to say, and to whom, if you do decide to whistleblow;
- learn about the personal and professional risks associated with whistleblowing; and
- learn how to put in place an effective risk management strategy to minimise such risks, as well as safeguard your own interests as much as possible.



Enrol today at www.actuaries.asn.au/whistleblowing

An actuary shall act honestly, with integrity and competence, and in a manner that fulfils the profession's responsibility to the public and upholds the reputation of the actuarial profession.

Professionalism

**Principle B:
Values and Behaviour**

Ethical behaviour

Integrity

Independent advice

Trust and reputation

Public interest

Ethical behaviour

Integrity

Independent advice

Trust and reputation

Public interest



Code of Professional Conduct



When taken together the law, the Constitution, this Code and the Professional Standards, both in general and as they relate to specific roles and responsibilities, define a Member's professional responsibility.

In particular, provided that a Member meets the requirements of the law, the Constitution, this Code and the Professional Standards, then he or she will have met the expectations of the profession with respect to the public interest.

Ethical behaviour

Integrity

Independent advice

Trust and reputation

Public interest



Code of Professional Conduct



A Member must act with integrity, honesty and due care, and in a manner that seeks to uphold the reputation of the profession.

This obligation extends to requiring that a Member, in engaging in conduct, or providing advice, a report, communication or other information, does so in a way which is not knowingly false, misleading or deceptive.

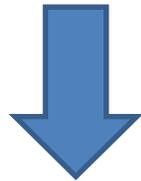
Ethical behaviour

Integrity

Independent advice

Trust and reputation

Public interest



Code of Professional Conduct



A Member who provides Prescribed Actuarial Advice must exercise his or her independent professional judgment and give impartial advice.

Except in limited circumstances and subject to certain requirements, a Member who provides a Professional Service (other than Prescribed Actuarial Advice) must exercise his or her independent professional judgment and give impartial advice.

Ethical behaviour

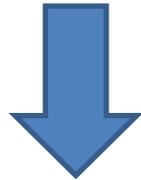
Integrity

Independent advice

Trust and reputation

Public interest

A Member must disqualify himself or herself from providing a Professional Service where there is a conflict of interest that cannot be managed ...



Code of Professional Conduct



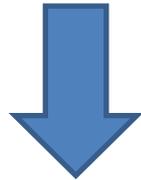
Ethical behaviour

Integrity

Independent advice

Trust and reputation

Public interest



Code of Professional Conduct



A Member must have proper regard for the trust that is implicit in the relationship between the Member and his or her Principal.

The Member must take reasonable steps to ensure that the information used and the result of any Professional Services provided remain confidential to the extent expected by the Principal and that the Principal is made aware if there is a breach of confidentiality.



frivolous?

Investigating Sub-committee (ISC)

prima facie Actionable Conduct?

yes

no

dismissed



Report to Tribunal

Tribunal

determination + penalty

appeal lodged

Appeal Board

determination + penalty

private hearing
member representation
onus of proof with PCC Convenor – civil standard
costs orders

discretion to hear
affirm, amend, vary, rescind a Tribunal determination
onus of proof with PCC Convenor – civil standard
decision final

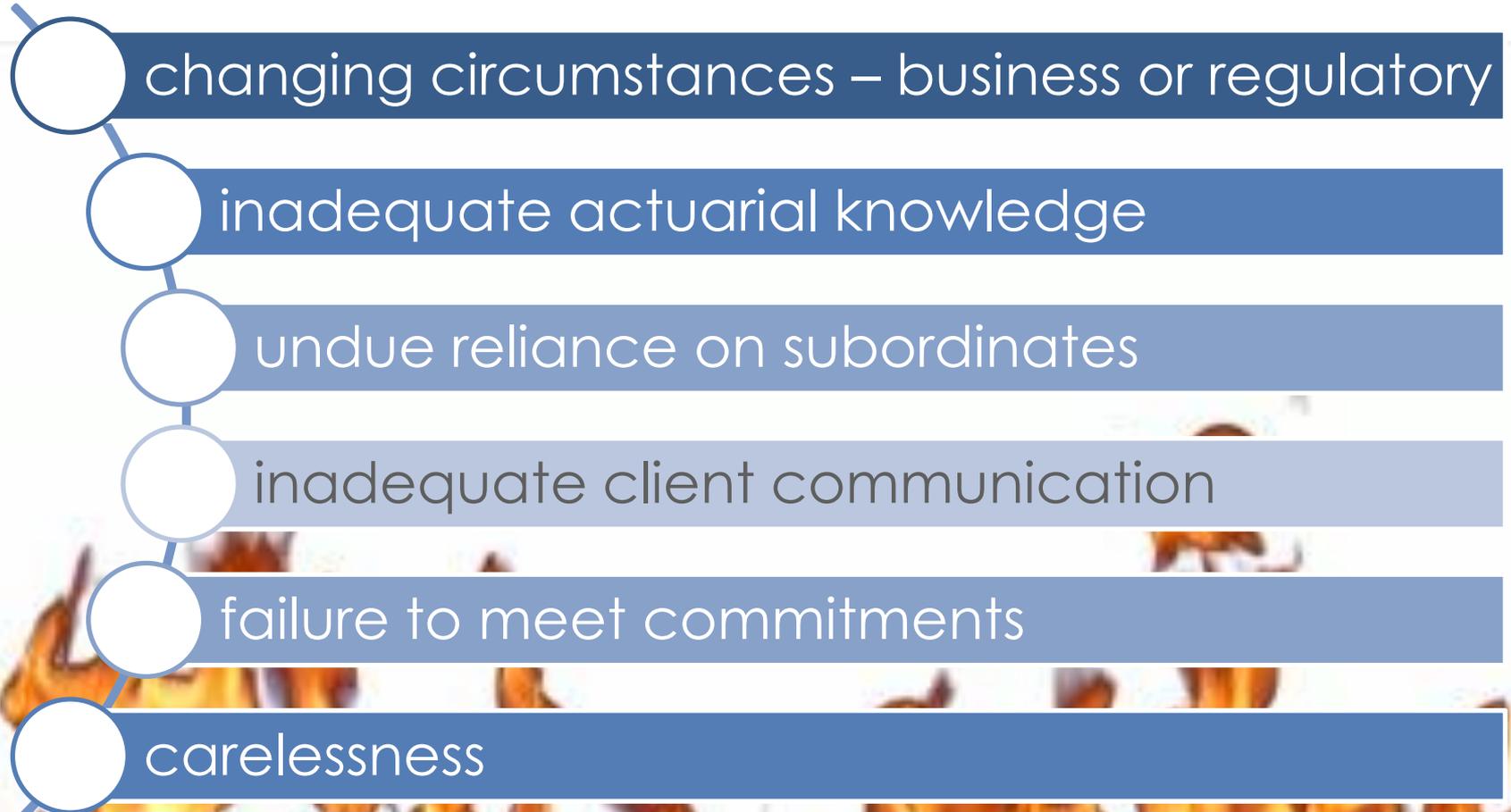


stages at which publicity
required to occur

Disciplinary Tribunal: its role

- **decide if Actionable Conduct**
 - professional misconduct
 - unsatisfactory professional conduct
 - conduct likely to bring discredit upon Institute or profession
 - enumerated conduct that is *prima facie* evidence of Actionable Conduct
- **decide penalty**
 - (express concern)
 - warning
 - reprimand
 - suspension
 - specific practice directions
 - expulsion

Hotspots

- 
- changing circumstances – business or regulatory
 - inadequate actuarial knowledge
 - undue reliance on subordinates
 - inadequate client communication
 - failure to meet commitments
 - carelessness



- **expulsion**
 - *indictable criminal offences*
- **suspension**
 - 3 years for fraud and mis-selling/leading
 - *3 years for bank loan fraud*
 - 1 year for company insolvency
 - *1 year for unethical behaviour as executor of estate*
 - 6 months for insufficient assets to cover loan guarantees
- **reprimand**
 - misleading presentation of advice and allowing work to be used contrary to interest of public/profession
 - failing to act professionally in exercising control of company assets leading to substantial losses
 - *failing to notify of bankruptcy*
- **warning**
 - breaches of Professional and Prudential Standards

“Reputation, as well as competence, are vital to the actuarial brand. Professionalism is a core part of both of these.

Competence is based on gaining the appropriate technical training and experience.

Reputation is underpinned on applying and being seen to apply, professional approaches and behaviours.

Professionalism is vital to the standing and success of the actuarial profession.”

A matter of vigilance

“Without delving into the broad area of specifying a definition of professionalism (then applying it in both the business and financial contexts), it is clear that it is both multi-faceted and needs developing on a life-long basis reflecting both the environment and an individual’s experience.”



**Actuaries
Institute**