Current Professionalism Topics

IAA Fund meeting for Asia

Hong Kong, 9-10 May 2012
Professionalism for the actuary

- professionalism is a key component of actuarial education (topic 10 in Core Syllabus of the IAA)
- it is important to devote time to learning about professionalism as well as about technical skills
- it is necessary to develop a professional attitude and way of thinking – there are often no simple black and white answers
- we need to learn what it means to do a good professional job
- …and keep on learning
Characteristics of a profession

6 key characteristics of a profession are:

• members join together to apply a **specialised skill**
• the skill has been developed through **appropriate education**
• members have a **special relationship** with those served
• recognised by the public as an **authority in field of expertise**, able to serve the public interest
• **standards of competence and conduct** of members
• **high level of integrity** by members in exercising judgement
Ethical values which are also professionalism issues

- trust, honesty, integrity
- openness, transparency, accountability
- good communications
- not being misleading
- respect and support for others
- confidentiality
- avoidance of conflicts of interest
- compliance
- speaking up
Other ethical issues (beyond professionalism?)

- bribery and corruption
- fraud
- bullying and harassment in the workplace
- gender (and other forms of) discrimination
- unethical marketing
- excessive executive remuneration
- environmental concerns
- work/home balance
Beyond ethics - other professionalism issues

- fiduciary relationship
- objectivity/impartiality
- quality of professional services
- taking into account the interests of those affected
- quality of documentation and ‘audit trail’
- checking and review of work and calculations
- life-long learning – developing our knowledge and skills
What is expected of us as professional people?

• demonstrating, and applying appropriately, specialist skills
• providing reliable up-to-date technical knowledge and advice
• behaving ethically
• complying with Profession’s code of conduct and standards
• performing statutory roles to a high standard
• exercising judgement with high level of integrity
• having due regard to the interests of those affected

(continued)
What is expected of us as professional people?
(continued)

- respecting and supporting others
- relationship of trust with clients (fiduciary relationship)
- communicating well
- assisting the profession to serve the public interest
- contributing to public debate
- contributing to the work of the profession
The Role of a Professional Body

- education
- quality control
- research
- professional guidance
- discipline
- reputation and standing
- influence
International Actuarial Association (IAA)

• association of associations
• focus on professionalism
• a global profession
• development of quality and standards
• core educational syllabus
• responsive committee structure
• sections for individual members
International Actuarial Association (IAA) - membership requirements

- properly constituted as association
- code of conduct which meets minimum requirements
- disciplinary scheme which meets requirements
- educational syllabus for becoming fully qualified actuaries
- due process for adopting standards of practice (before adopting any standards)
- payment of annual dues to the IAA
The actuarial profession is recognized worldwide as a major player in the decision-making process within the financial services industry, in the area of social protection and in the management of risk, contributing to the well-being of society as a whole.
Minimum Code of Conduct of IAA

Having a code of conduct meeting the IAA minimum is one of main requirements to be fulfilled before an actuarial association can be admitted as a Full Member Association of the IAA (and of the Groupe Consultatif)
Minimum Code of Conduct of IAA (a)

- An actuary shall perform professional services with integrity, skill and care (client responsibility)
  - fulfil professional responsibility to client or employer
  - fiduciary relationship with client
Minimum Code of Conduct of IAA (b)

• An actuary shall act in a manner to fulfil the profession’s responsibility to the public (common good)
  – uphold the reputation of the actuarial profession
  – not engage in false or misleading advertising or business solicitation
Minimum Code of Conduct of IAA (d)

- An actuary shall perform professional services only if competent and appropriately experienced
  - an association may permit derogations, e.g.
  - where client would be disadvantaged if advice denied
  - where actuary is working with another fully competent and experienced actuary
Minimum Code of Conduct of IAA (f)

- An actuary shall, in communicating professional findings, show that he/she takes full responsibility for them
  - indicate whether the actuary is available to provide supplementary information and explanation
Minimum Code of Conduct of IAA (h)

• An actuary shall not perform professional services involving the actuary in an actual or potential conflict of interest
  – unless ability to act is unimpaired (no inhibition); and
  – there has been full disclosure of actual or potential conflict
  – Associations may require that an actuary may only act in these circumstances if all principals have expressly agreed to it
The Actuaries’ Code (Institute & Faculty of Actuaries) (effective 1 October 2009)

• Integrity
• Competence and Care
• Impartiality
• Compliance
• Open Communication
The Actuaries’ Code

Integrity

*Members will act honestly and with the highest standards of integrity*

- show respect
- confidentiality
- honest, open and truthful in promoting services
Competence and Care

Members will perform their professional duties competently and with care

• appropriate level of knowledge and skill
• keep competence up to date (CPD)
• understand who your client is
• care for client – make sure advice is appropriate
• new appointments
The Actuaries’ Code

Impartiality

*Members will not allow bias, conflict of interest, or the undue influence of others to override their professional judgement*

- objective and uncompromised advice
- avoidance/management of conflicts of interests
- should consult with previous adviser
The Actuaries’ Code

Compliance

*Members will comply with all relevant legal, regulatory and professional requirements*…..

- challenging non-compliance
- speaking up
Open Communication

*Members will communicate effectively and meet all applicable reporting standards*

- clear and appropriate communication for
  - the intended audience
  - the purpose of the communication
  - the significance of the communication for the audience
  - the capacity in which the member is acting
- accurate and not misleading
Principles of professionalism to apply to case studies

- Integrity
- Competence and Care
- Impartiality
- Compliance
- Open Communication
Generic Case Studies

- CD1  Challenging another actuary
- CD2  Ethical concerns
- CD3  Reporting (blowing the whistle)