


SOCIETY OF ACTUARIES



Professionalism in Practice

SOA Professionalism Course for Credentialed Actuaries
 Presented in cooperation with the Caribbean Actuarial Association
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Actuaries
THE PROFESSION

Today's Agenda

- Introductions
- Your input into professionalism issues
- Code of Conduct Overview
- Focus on
 - ◆ Precept 4: Communication and Disclosure
 - ◆ Precept 7 Conflict of Interest
 - ◆ Precept 9: Confidentiality
 - ◆ Precept 11: Advertising
- Professionalism
- Sources of Help

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Your Input into the Agenda

- This course will focus on
 - SOA Precepts 4, 7, 9 and 11 using
 - ◆ Case Studies
 - ◆ Open Discussion
 - Caribbean Code of Conduct
 - Standards of Practice
 - Principles of Professionalism
 - Other issues of interest to you?

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Professional Code of Conduct

- 14 Precepts which cover
 - Professional Integrity
 - Qualification Standards
 - Standards of Practice
 - Communications and Disclosures
 - Violations

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The Code is...

- Hallmark of a Profession
 - *“A profession is a group of people in a learned occupation, the members of which agree to abide by specified rules of conduct when practicing the profession.”*
Source: Analytic Quality Glossary
 - Members of a profession recognize responsibilities to the public over and above responsibility to clients or to other members of the profession

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Applicability

- Code of Professional Conduct isn't limited to U.S. practice
 - Applies to all SOA members wherever they render actuarial services.
 - Precept 2 requires actuaries to observe local qualification standards
 - Precept 3 requires actuaries to observe applicable standards of practice for their local jurisdiction

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Precept 4

- Take appropriate steps to ensure that communications are clear, appropriate to the circumstances and intended audience, and comply with ASOPs, as applicable:
 - Identify yourself as the person responsible for your communications;
 - Indicate your availability to provide supplemental information.

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Precept 4

- In practice, this is a more difficult precept than may be apparent.
- Difficulties in communicating uncertainty.
- Balancing sufficient caveats with readability and clarity of the report.
- An actuarial report should include the individual actuary signing the report.

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Precept 7 Conflict of Interest

- An actuary shall not knowingly perform Actuarial Services involving an actual or potential conflict of interest *unless*:
 - the Actuary's ability to act fairly is unimpaired;
 - Conflict is disclosed to all prospective Principals whose interests would be affected by the conflict; **and**
 - all such Principals have expressly agreed to the performance of the Actuarial Services by the Actuary.

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Conflict of Interest

- Actual or potential conflicts must be considered.
- All three conditions must be satisfied
- When in doubt, disclose the situation.
 - Example: Request to perform ratemaking services for two competitors within a given market.

Precept 9 Confidentiality

- Do not disclose confidential information to another party unless authorized by the Principal or required to do so by law.
- As professionals, the public deserves to be able to rely on us to protect confidential information.

Precept 9 in Action

- Confidentiality limitations likely to be specifically stated or show up as formal written agreements.
 - Your employment arrangement may clearly indicate the nature of the confidentiality
- Violations of confidentiality represent a violation of this precept, even if the breach was accidental and unintentional.
- When in doubt, treat your information as though it were confidential.

Precept 11 Advertising

- Do not engage in advertising or business solicitation that is false or misleading in any medium:
 - Includes any communication that may directly or indirectly influence a person's or organization's decision whether, and from whom, to obtain actuarial services.

Precept 11 in Action

- Violations of this precept are more likely to be due to "business solicitation activities" than due to "advertising."
- Be very careful about criticizing other actuaries when trying to obtain an assignment.

Precept 11 in Action

- Can you tell a potential client that you could do some analysis "faster, cheaper and better" than the consultant who did it before?

ISAPs

- International Standard of Actuarial Practice (ISAP)
 - Update on work to-date
 - Exposure draft of ISAP 1 General Actuarial Practice
 - Implications for IAA member associations

Discipline

IAA 2.1.5 The association must have a formal discipline process in place:

- There is a complaint process accessible to both anyone affected by a member's work and the member's professional peers
- There is due process of defense available to the member complained against, and the member's rights are fully respected
- There is an objective formal appeal process independent of the body that has ruled at the prior level

Discipline

- There are available sanctions appropriate to the level of the offences committed, including termination of membership in the association
- The process shall enable the association to give appropriate publicity to results of the complaint process where any penalty is imposed, including the right to provide information to other actuarial associations. Any publicity shall be consistent with the discipline process

IAA Professionalism

- Report to the IAA Council on the Principles of Professionalism
- Report to Council on achieving a common understanding of the Principles of Professionalism within the IAA

IAA Professionalism

- Discussion of the two reports
 - Break into 5 groups of about 6 to 7 people and discuss the following for about 15 minutes
 - We will then regroup and someone will report of from each group relative to their part of the report being covered
 - We will spend about 7 or 8 minutes on each report including comments and questions

Professionalism Report Recommendations

- The Principles of Professionalism
- Accreditation
- Education
- Advice and Assistance
- Professionalism

Further on Professionalisms

- Note for those of you who have UK credentials
- On November 21, 2012, the UK Actuarial Profession issued a new structure for Professionalism Courses
- Effective February 2012

Sources of Information & Help

- Peers
- Standards of Practice
 - Canada, US, UK, Australia as some examples
- The SOA and/or your local actuarial association
- SOA's Professionalism e-Learning Modules

Final Word

- Actuaries are consistently recognized for their high levels of professionalism
 - Adherence to the Code plays an important role
 - Acknowledge the role you play in supporting the public
- Continuous learning is vital
- Read and discuss issues with your peers

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