

The Actuarial Profession
making financial sense of the future



Current Professionalism Topics



Conference of Udruženje Aktuara Srbije

Belgrade, 12 June 2012

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Professionalism for the actuary

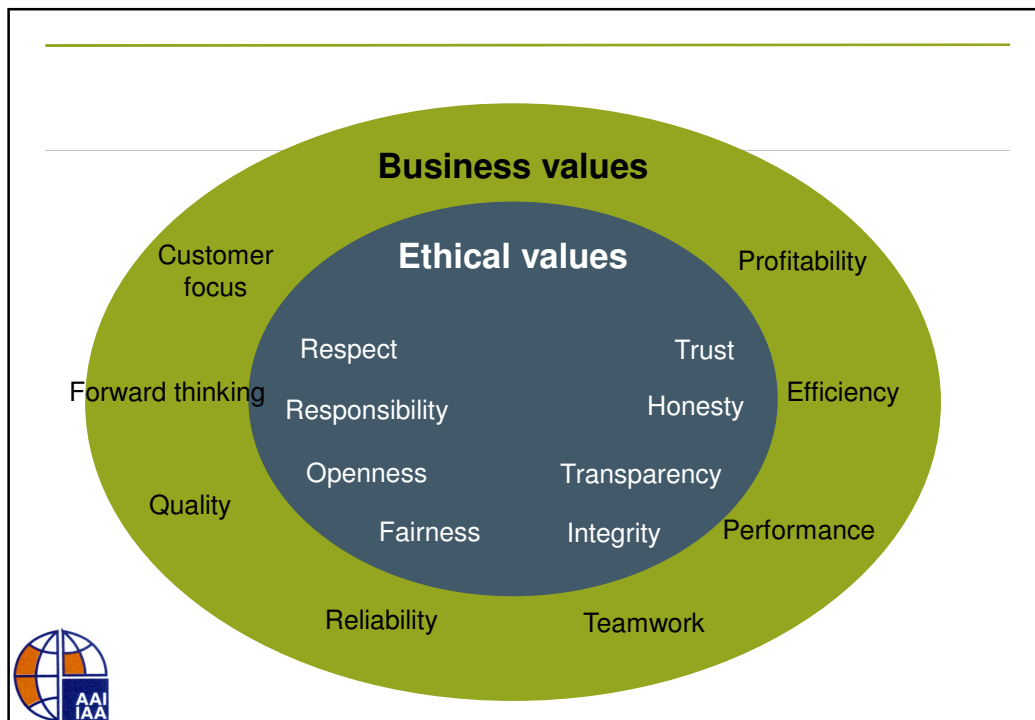
- professionalism is a key component of actuarial education (topic 10 in Core Syllabus of the IAA)
- it is important to devote time to learning about professionalism as well as about technical skills
- it is necessary to develop a professional attitude and way of thinking – there are often no simple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

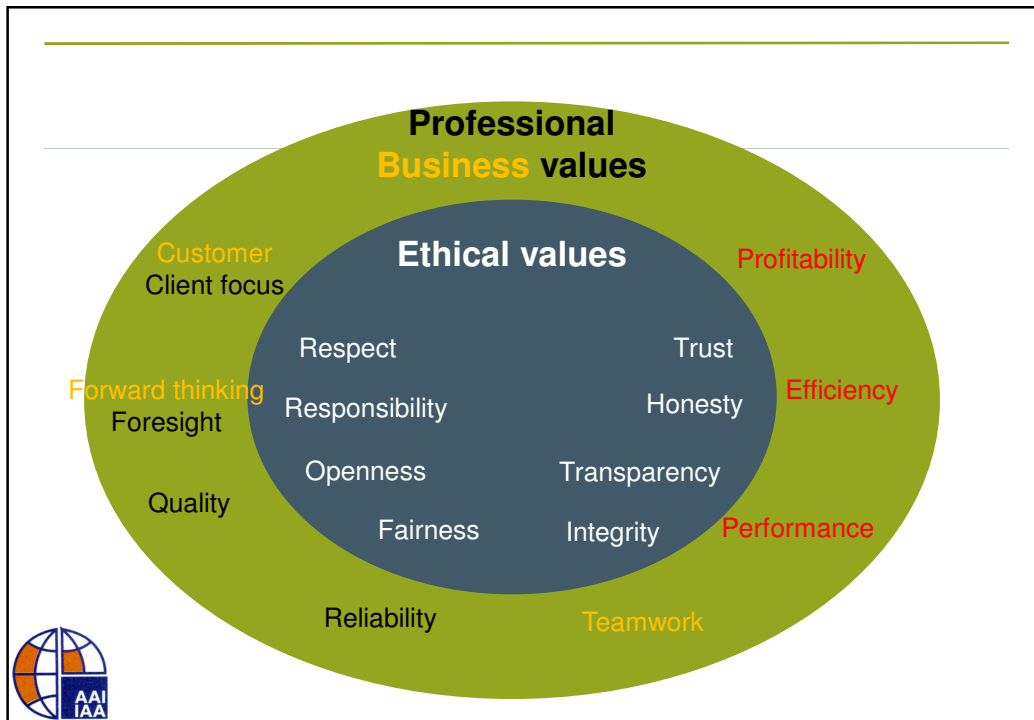


Characteristics of a profession

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



The Role of a Professional Body

- education
- quality control
- research
- professional guidance
- discipline
- reputation and standing
- influence



Vision Statement of 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



The Actuaries' Code

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



The Actuaries' Code

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



Professionalism underpins trust

- Openness
- Transparency
- Accountability

- proportional and trustworthy information
- importance of personal relationships and integrity
- trust is fostered by the actions of individual actuaries
- ...supported by the strength of the profession...
- which should have a preeminent concern for the public interest



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