



Institute  
and Faculty  
of Actuaries

# Professionalism Resource Material

Archie the Actuary : Integrity

by the Professionalism Awareness Committee

## **Archie the Actuary**

### **Part Two – Integrity by Tony Hewitt**

Archie the actuary had been really looking forward to dining with Ben Blessington, a successful barrister who was invariably very good company. But it was clear to Archie when they sat down to order drinks that Ben was very disturbed.

Ben explained that he had just had a very difficult conversation with a mutual friend – another actuary, Justin, who appeared to be in some professional difficulties. Justin had agreed that Ben could discuss his problems with Archie.

Justin had just been found guilty of criminal damage and threatening behaviour following a road rage incident.

“This is hard to believe – Justin is a calm and very steady bloke.” said Archie. Ben explained that a number of character witnesses had attested to Justin’s good character but this had not stopped Justin getting a criminal conviction.

Ben then explained that it was highly likely that Justin was about to be reported by a multinational client under the Profession’s Disciplinary Scheme. Justin had won a project to prepare actuarial reserves for this client in over 50 different countries. This had involved co-ordinating the work of colleagues in each country. The client had written to Justin as the lead actuary, to complain that incompetent work had been done in one of those countries, Justin had not quality controlled that work adequately, inappropriate gifts had been paid to the client’s employees in that country and Justin’s winning pitch for the project had been misleading, incomplete and untruthful. Justin had been so shocked by the letter that he had failed to reply promptly. This had upset the client even more.

“But I know Justin well! He is a sound actuary.” exclaimed Archie. “Surely these difficulties can be overcome without involving the Disciplinary Scheme. Or should I encourage Justin to contact the Profession? Or is this potentially a misconduct matter I should report under Compliance Principle 4.4?”

Ben looked even more grave. He was an expert in professional conduct standards and disciplinary schemes for many professions. He explained to Archie that unfortunately Justin had not taken the trouble to understand fully the Actuaries’ Code and how it links into the Disciplinary Scheme.

Justin did not seem to be aware that his “road rage” criminal offence could well be used by the client to discredit him. While not an indictable offence which would be prima facie evidence of misconduct under Rule 1.12 of the Disciplinary Scheme, his criminal conviction might reasonably be considered to reflect on the profession.

Justin had been aware of the gifts which the client was now complaining were inappropriate and unprofessional. The gifts had been made in compliance with his firm's ethical policies. Nevertheless, Ben pointed out that the client might well argue that Justin should be liable for misconduct under rule 1.9 (a) (ii) of the Disciplinary Scheme because Justin had known about the gifts but had not taken any action to address the alleged unprofessional behaviour.

Justin had disclosed the name of the complaining client to Ben. Ben had felt it necessary to remind Justin of Integrity Principle 1.2 of the Actuaries' Code.

On probing, Ben had not been able to get Justin to explain clearly what is meant by the "highest standards of integrity" required under the Integrity Principle of the Actuaries' Code. Justin could only describe this in general terms, simply as how professional actuaries are expected to act. Nor could Justin give a comprehensive description of misconduct as defined in rule 1.6 of the Disciplinary Scheme.

Archie was keen to help and asked "What can we do to help Justin handle all these difficulties?"

Ben suggested they could help Justin think through the Actuaries' Code issues. "Yes!" said Archie. "I have been doing quite a bit of reading on topics such as integrity, ethics and how to address professional issues, ever since the Actuaries' Code was published in September".

The two of them spent the evening running through how they could help Justin. As Archie concentrated on tackling a mountain of blueberries, profiteroles and dark chocolate, his mind raced through the key points:

1. We can think of our integrity as being the sum of all those principles that guide the way we live and behave with others
2. There are many principles of behaviour that can help us act with the highest standards of integrity
3. We need to understand that these principles can be personal, cultural, society-based, business-based or professional, but it is the professional principles of behaviour which are the ones most relevant to the Actuaries' Code and professional conduct
4. The definition of misconduct tells us we must consider what other actuaries or the public might reasonably expect of us
5. But ultimately it will be the members of the Disciplinary Tribunal, Appeal Tribunal or the AADB who will decide what is professional misconduct

6. The Actuaries' Code explicitly mentions honesty, respect, impartiality; and it implicitly refers to trust (confidentiality), good sense (competence and care, taking reasonable steps to ensure we are not placed in a position where we are unable to comply) and courage (speaking up, challenging non-compliance by others)
7. Other principles of professional behaviour include self-discipline, self-control, confidence, excellence and courtesy [the writer of this article gratefully acknowledges Roger Steare, author of *Ethicability*, in providing a better understanding of ethics, moral principles, integrity and how to ask the right questions to solve professional issues].

Archie thanked Ben for their valuable discussion. "I will call Justin tomorrow. Justin is a sound actuary and needs to handle his client's complaints with courtesy, confidence and optimism. But I am sure we will have lessons to learn in improving our risk management of potential misconduct complaints."

Ben was delighted Archie was so determined to support their mutual friend. "Yes indeed. Please tell Justin you will often not find a simple, black-and-white answer when making decisions required by the Actuaries' Code Principles." Ben explained these decisions invariably require judgement, considering all the things that should be considered and ignoring all the things that should be ignored. And it is essential to make records of those decisions so that they can be justified perhaps many months or years later. This is so important because standards of professional behaviour, integrity, competence and professional judgement inevitably evolve over time.

They parted with Ben saying "I suggest you cheer up Justin by telling him there is much he can do to work with his client to understand and resolve the issues. But you need to discuss with Justin involving the Profession. In any event, we all ought to be worrying just as much about avoiding the next mis-selling or insolvency disaster."

Walking away, Archie was struck by Ben Blessington's parting words. Is this a challenge to the Actuarial Profession? In acting with the highest standards of integrity, is it enough to focus only on our personal actions? Or shouldn't we all be alert to speaking up if we are aware of other actuaries, or colleagues who are not actuaries, doing things which might be treated as misconduct?

[State in full the Integrity Principle, Compliance Principle 4.4 and rules 1.12, 1.6 and 1.9(a) of the Disciplinary Scheme.]