



Institute
and Faculty
of Actuaries

Professionalism Resource Material

Archie the Actuary : Open Communication

by the Professionalism Awareness Committee

Archie the Actuary

Part Four – Open Communication by David Addison

This is the fourth of a series of articles where Archie the Actuary acts as our guide through the elements of the Actuaries' Code. In this article Archie discusses open communications with Jamie, who he has known since they were both students at ABC Life.

Jamie still works at ABC Life and has recently taken over from Mark, another actuary, who is about to retire, as "Head of Technical Product Development". Somewhat to Jamie's annoyance he reports into Katie, who started with the firm as an actuarial student at the same time as Archie and Jamie but gave up the exams early in her career and is now the Marketing Manager.

ABC Life's governance process requires Jamie to "sign off" product marketing literature. He has helped design a new structured product and is quite proud of his efforts. He thinks it is a good product for the right customer. When he sees final drafts of the product literature, however, he notices among other things that the high initial income is displayed prominently. Although the literature is not factually wrong Jamie is concerned that customers who don't read it carefully could easily misunderstand the product.

Jamie had sent an email to Katie outlining his concerns in his usual understated way but was somewhat surprised when Katie told him he should confine himself to checking technical accuracy and leave consideration of the overall presentation of the literature to others with more experience of these matters.

Jamie decides to phone Archie to discuss. Archie tells Jamie he has a professional duty under the Actuaries' Code to ensure that any communication with which he is associated is not misleading. Jamie says that was his view initially but when he had discussed with Mark he disagreed. Mark's view was that it was up to the compliance department to check literature was not misleading. As long as it didn't say anything that was factually wrong he thought Jamie should be happy to sign it off.

Jamie then tells Archie that Mark confessed he hadn't read the Actuaries' Code but when he had pointed out section 5.2 to him he had defended his position. Mark had pointed to section 5.1 and said it was clearly referring to communications directly from an actuary and so, by implication, was section 5.2. Mark had advised Jamie to make sure his email to Katie complied with section 5 of the Actuaries' Code, and in particular to make sure his concerns were clearly set out and his sign off of the literature was only covering its technical accuracy.

Archie isn't convinced this is good enough. He thinks that section 5.2 is clear that it doesn't just apply to communications that an actuary has directly authored and also notes that at the front of the code is the statement that "actuaries have a core obligation to serve the public interest". Archie accepts Jamie doesn't have a monopoly of wisdom on what is misleading but says that he wouldn't be complying with section 5.2 of the code if he doesn't at least ensure his concerns reach a wider audience and are properly debated at a senior level within the firm.

Jamie thanks Archie for his advice. He agrees with it and, as he puts the phone down, concludes that Mark has taken too narrow a view over the years of what it means to be a member of the actuarial profession.

SECTION 5 OF THE ACTUARIES' CODE

- 5. Open Communication:** Members will communicate effectively and meet all applicable reporting standards.
- 5.1 Members will ensure that their communication, whether written or oral, is clear (indicating how any further explanation can be obtained) and timely, and that their method of communication is appropriate, having regard to:
 - a) the intended audience;
 - b) the purpose of the communication;
 - c) the significance of the communication to its intended audience; and
 - d) the capacity in which the member is acting.
- 5.2 Members will take such steps as are sufficient and available to them to ensure that any communication with which they are associated is accurate and not misleading, and contains sufficient information to enable its subject matter to be put in proper context