



The Actuarial Profession

making financial sense of the future

The Actuaries' Code:

A modern statement of principles for a growing profession

Welcome

The Code, which came into force on 1 October 2009, sets out 5 core principles which actuaries are expected to observe in their professional lives. It replaces the former Professional Conduct Standards (PCS) and represents the corner-stone of a new system of professional regulation for all UK actuaries.

Serving the public

Since its beginnings, the Actuarial Profession has prided itself on setting and keeping high standards in serving the public, its clients and employers. As members of a chartered profession, actuaries have a core obligation to serve the public interest. The Profession's quality framework – which requires compliance with clear standards of ethical behaviour as well as of technical competence and professional attainment – is the means by which the members of the Actuarial Profession discharge that obligation.

The move to principles-based regulation

The Actuaries' Code – drawn up after extensive consultation not only with the Profession but with the Professional Oversight Board and other external interests – is principles-based, in line with current best practice in professional regulation. It provides a short statement in relatively simple terms of the standards actuaries can be expected to observe when serving the public and their clients (including their employers). Over time, through listening to our members and other interested parties, the Code will be supplemented by a small number of Actuarial Profession Standards and a variety of resource materials including case studies, Q and As etc. This resource material will help members to make professional judgements on what is expected of them in particular contexts.

To whom and when does the Code apply?

The Code applies to all actuaries, i.e. to anyone who is subject to the disciplinary schemes of the Faculty or Institute. It applies at all times to members' conduct in their work as actuaries but will also be taken into consideration where members' conduct in other contexts could reasonably be considered to reflect on the Profession.

How does it apply?

Breach of the Code is not of itself grounds for disciplinary action. However, where an actuary's conduct is called into question, the Code will be taken into account in any determination of whether there has been "misconduct" within the terms of the Profession's disciplinary schemes.

Since the Code is not a set of rules, conduct that apparently falls short of it will not necessarily constitute "misconduct" within the terms of the Scheme. For example, it will be open to anyone facing a charge of misconduct to show that in the particular circumstances of their case the conduct complained of was reasonable, or was not of such a nature as to amount to misconduct meriting a disciplinary penalty. Nevertheless, the Code sets the benchmark by which an actuary's conduct will be judged.

Embedding and monitoring the Code

The Code will be formally reviewed in 2012 but in the meantime we will be glad of feedback gained from experience of its use. This can be sent to fiona.goddard@actuaries.org.uk

Sir Philip Mawer
Chairman, Professional Regulation Executive Committee

The Actuaries' Code

Application

All actuaries, which for this purpose means anyone subject to the Disciplinary Scheme of the Faculty of Actuaries in Scotland or of the Institute of Actuaries (the disciplinary schemes). They are referred to in this Code as “members”.

Scope

The Code applies at all times to members' conduct in their work as actuaries, but will also be taken into consideration where their conduct in other contexts could reasonably be considered to reflect on the Profession.

Status and purpose

The Code consists of principles which members are expected to observe in the public interest and in order to build and promote confidence in the work of actuaries and in the Actuarial Profession.

The Code will be taken into account if a member's conduct is called into question for the purposes of the Actuarial Profession's disciplinary schemes.

It is not a set of rules, and conduct that falls short of the Code will not inevitably constitute misconduct. Equally, members will be expected to observe the Code's spirit in their professional conduct.

In depth

1. Integrity: members will act honestly and with the highest standards of integrity.

- 1.1 Members will show respect for others in the way they conduct themselves in their professional lives.
- 1.2 Members will respect confidentiality unless disclosure is permitted by law and justified in the public interest.
- 1.3 Members will be honest, open and truthful in promoting their business services.

2. Competence and care: members will perform their professional duties competently and with care.

- 2.1 Members will consider who their advice and/or services are being provided to (their clients). In many cases this may be their employer.
- 2.2 Members will not act unless:
 - a) they have an appropriate level of relevant knowledge and skill; or
 - b) they are acting on the advice of an individual who has the appropriate level of relevant knowledge and skill and all interested parties are aware that this is the case; or
 - c) they are acting under the direct supervision of another member who is taking professional responsibility for that work.
- 2.3 Members will consider whether advice from other professions and other specialists is necessary to assure the relevance and quality of their work.
- 2.4 Members will take care that the advice or services they deliver are appropriate to the instructions and needs of the client, including the legal and other rules which may govern the matter, having due regard to others, such as policyholders of an insurer, members of a pension scheme, or any analogous persons whose interests are affected by the work of the member.

2.5 Members will agree with the client the scope and nature of any appointment or instruction.

2.6 Members will agree with the client the basis for their remuneration before commencing an appointment or instruction and before any material change in the scope of an existing appointment or instruction.

2.7 Members will keep their competence up to date.

3. Impartiality: members will not allow bias, conflict of interest, or the undue influence of others to override their professional judgement.

3.1 Members will ensure that their ability to provide objective advice to their clients is not, and cannot reasonably be seen to be, compromised.

3.2 A conflict of interests arises if a member's duty to act in the best interests of any client conflicts with:

- a) the member's own interests; or
- b) an interest of the member's firm; or
- c) the interests of other clients.

3.3 Members will take reasonable steps to ensure that they are aware of any relevant interest, including income, of their firm.

3.4 Members will disqualify themselves from acting where there is a conflict of interest that cannot be reconciled.

3.5 Members will document the steps they have taken to reconcile a conflict and will agree those steps with their clients if they would be ineffective without agreement.

3.6 Before accepting any assignment, members will consider carefully whether they should consult with any member who previously held such a position with the client, to establish whether there might be any professional reason why the assignment should be declined.

4. Compliance: members will comply with all relevant legal, regulatory and professional requirements, take reasonable steps to ensure they are not placed in a position where they are unable to comply, and will challenge non-compliance by others.

- 4.1 Members will speak up to their clients or to their employers, or both, if they believe, or reasonably ought to believe, that a course of action is unlawful, unethical or improper.
- 4.2 Members will fulfil any obligations to report information to relevant regulatory authorities.
- 4.3 Where there is legal protection available, members will report behaviour that they have reasonable cause to believe is unlawful, unethical or improper, to regulators or other relevant authorities. In the UK these protections include: the Public Interest Disclosure Act 1998, sections 342 and 343 of the Financial Services and Markets Act 2000 and section 70 of the Pensions Act 2004.
- 4.4 Members will promptly report any matter which appears to constitute misconduct or a material breach of any relevant legal, regulatory or professional requirements including Actuarial Profession Standards and Technical Actuarial Standards issued by the Board for Actuarial Standards, for consideration under the relevant disciplinary schemes. To the extent that the consent of a third party is required for this purpose in order to disclose information, members must take all reasonable steps to obtain such consent.

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.
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