No man – or woman – is an island (Speaking Up and Whistleblowing)

Malcolm Slee
No man – or woman – is an island

Agenda

• Introduction

• Film 1 – “with all due respect”

• Speaking up and whistleblowing

• Film 2 – “burying bad news”

• Summary and questions
No man – or woman – is an island

Professional Skills CPD

• 2 hours annual requirement

• Working party

• Malcolm Slee (Chair)

• Patrick Cleary, Fiona Goddard, Malcolm Lee, Mairi McIntyre, Neil Hilary, Richard Winter
No man – or woman – is an island

Professional Skills CPD

• 2 hours annual requirement
• This session counts as 1 hour
• You must record a learning outcome in your CPD log
No man – or woman – is an island
Actuaries’ Code – question 1

Which one of the following is true? In the Institute and Faculty of Actuaries, the Actuaries’ Code applies to

A all members
B all Fellows but not Associates
C all Fellows and Associates but not students
D all Fellows and Associates and students in the UK
Actuaries’ Code – question 1

Which one of the following is true? In the Institute and Faculty of Actuaries, the Actuaries’ Code applies to

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B  all Fellows but not Associates
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D  all Fellows and Associates and students in the UK
Actuaries’ Code – question 2

The Code will be taken into consideration for your actuarial work. But the Code could also be borne in mind in other contexts where your conduct could reasonably be considered to reflect on the profession.

A True
B False
Actuaries’ Code – question 2

The Code will be taken into consideration for your actuarial work. But the Code could also be borne in mind in other contexts where your conduct could reasonably be considered to reflect on the profession.

A True
B False
Actuaries’ Code – question 3

How many principles are there in the Actuaries’ Code?

A three
B four
C five
D six
Actuaries’ Code – question 3

How many principles are there in the Actuaries’ Code?

A  three
B  four
C  five
D  six
Actuaries’ Code – question 4

The impartiality principle says that you must not let your professional judgement be overridden by:

A  bias
B  conflict of interest
C  undue influence of others
D  all of the above ie bias, conflict of interest or undue influence of others
Actuaries’ Code – question 4

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Actuaries’ Code – question 5

A member finds that he had not been fully compliant with the requirements of the Actuaries’ Code. Under what circumstances might this be acceptable?

A  The non-compliance has been sanctioned by the Regulation Board of the Institute and Faculty

B  The member has adequate Professional Indemnity insurance cover

C  The non-compliance has not been made public

D  The member had taken reasonable steps to ensure that he would not be placed in a position where he was unable to comply.
A member finds that he had not been fully compliant with the requirements of the Actuaries’ Code. Under what circumstances might this be acceptable?

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Actuaries’ Code – question 6

A member finds that a colleague has not been compliant with the requirements of the Actuaries’ Code. What course of action should be taken in the first instance?

A Consult a solicitor
B Challenge the non-compliance by his/her colleague
C Nothing
D Investigate the non-compliance fully
A member finds that a colleague has not been compliant with the requirements of the Actuaries’ Code. What course of action should be taken in the first instance?

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Actuaries’ Code – question 7

A member discovers a matter that might constitute misconduct. However, in order to report this, confidential information would need to be disclosed. The consent of a third party is required in order to disclose this information. What is the first course of action the member should take?

A Not disclose the information under any circumstance

B Take all reasonable steps to obtain consent to disclose the information

C Refer the matter to the Regulation Board or other relevant body within the IFoA

D Disclose the information if it is in the public interest
Actuaries’ Code – question 7

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D  Disclose the information if it is in the public interest
No man – or woman – is an island

Actuaries are responsible for their own actions

But they cannot ignore the actions or inactions of others
No man – or woman – is an island

No man is an island entire of itself; every man is a piece of the continent, a part of the main; if a clod be washed away by the sea, Europe is the less

John Donne
No man – or woman – is an island

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With all due respect

This is a tale of two actuaries. Frank works for B-Tex Insurance and Jane works for Elemental Insurance.

What would you do?
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Speaking up and whistleblowing

• “speaking up” = “whistleblowing” in this session
• the Actuaries’ Code has quite a lot to say on this topic
No man – or woman – is an island

Speaking up and whistleblowing

• The Compliance principle of the Actuaries’ Code says:

• Members will comply with all relevant legal, regulatory and professional requirements, take reasonable steps to ensure that they are not placed in a position where they are unable to comply, and will challenge non-compliance by others

• (Para 4.1) Members will speak up to their clients or to their employers, or both, if they believe, or have reasonable cause to believe, that a course of action is unlawful, unethical or improper
No man – or woman – is an island

Speaking up and whistleblowing

• The Compliance principle of the Actuaries’ Code goes on:

• (Para 4.2) Members will fulfil any obligations to report information to relevant regulatory authorities.

• (Para 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.
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Speaking up and whistleblowing

• The Public Interest Disclosure Act 1998
• Sections 342 and 343 of FSMA 2000
• Section 70 of the Pensions Act 2004
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Speaking up and whistleblowing

• The Compliance principle of the Actuaries’ Code goes on:

• (Para 4.4) Members will promptly report any matter for consideration under the IFoA Disciplinary Scheme 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 Financial Reporting Council

• 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
No man – or woman – is an island

Speaking up and whistleblowing

• Those are the requirements in the Actuaries’ Code.
• So – why might it be hard to blow the whistle?
No man – or woman – is an island

Speaking up and whistleblowing

It might be hard to blow the whistle because:

• You are worried about how your boss or co-workers will react and treat you
• You think it looks like a long, difficult and lonely road
• You are worried about losing your job and not being able to get another one
• In the USA you might get a financial payout but in the UK you won’t
• You think the legal support framework is not very supportive
• You have seen how badly whistleblowers appear to have been treated in other organisations
"I'm sensing confidence, boldness, and moral sensibility. You're not going to turn out to be a whistleblower, are you?"
No man – or woman – is an island

Speaking up and whistleblowing

Support is available, for example

- Your firm’s business ethics or whistleblowing policy
- Actuarial Professional Support Service
- Two whistleblowing guides from the profession
- Public Concern at Work
- FCA and PRA
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Burying bad news

• Ellie leads the team of actuaries responsible for the quarterly claims reserving process at Alto Insurance

• The reserves are set by a committee, chaired by the CFO Laura

• Laura urges Ellie not to be overly cautious in setting the reserves, including for the new “Goldshield” product
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Summary

• Speaking up and whistleblowing
  - the Actuaries’ Code has quite a lot to say about it

• There is support available
"We better keep an eye on that guy."

No man – or woman – is an island
Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenters.