



Institute
and Faculty
of Actuaries

Managing the risk of reputational damage, negligence litigation and misconduct complaints

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- The meaning of 'professionalism'
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The importance of professionalism in managing risk

- Negligence, litigation and professional misconduct
- Thinking ahead, and doing the right thing, to avoid difficulties later
- The role of professions, professionalism and professional ethics
- The public interest - the defining concept, but can be hard to define!

The public interest

“The Profession undertakes its regulatory role, first and foremost, in the public interest. While often referred to, this concept can appear elusive in its resistance to clear definition. In its broadest conception, it describes the additional responsibility that professionals assume in exchange for the privileges and status conferred by their role. A core component is the protection of the public, but it extends also to ensuring public confidence in the Profession by maintaining its good standing in the public eye”

IFoA Regulatory Strategy, 2012

The Actuaries' Code

- Not a set of rules to be followed blindly, or interpreted too narrowly
- A set of principles calling for the exercise of judgement

The Actuaries' Code

5 Principles

- Integrity
- Competence and care
- Impartiality
- Compliance
- Open communication

The Actuaries' Code

Applies to members:

- in every country of the world
- at all times to conduct in their work as actuaries
- in non-work situations where their conduct could reflect on the reputation of the IFoA

Essential attributes of the good professional (actuary)

- Integrity
- Objectivity
- Courage- willingness to speak-up!
- Judgement

Professional objectivity

- Importance of objectivity
- The obligation to act, and to be seen to act, in the best interests of every client
- Perception v Actuality
- Conflicts

Conflicts of Interest

- Professionals occupy a privileged position of trust
- This brings obligations to act impartially and in the public interest
- Recognised in Principle 3 of the Actuaries' Code

“Members will not allow bias, conflict of interest or the undue influence of others to override their professional judgement.”

Conflicts of Interest

- New guidance and regulation (APS P1, L1)
- The importance of early identification and effective monitoring and decision-making
- Conflict Management Plans
- Duties of confidentiality and disclosure
- Importance of effective communication

Speaking up

- Principle 4.1 of the Actuaries' Code:
 - actuaries will speak up
 - to their client [internal or external] or employer
 - if a course of action is [or ought to be] believed to be unlawful, unethical or improper.
- FRC expects actuaries to “*speak up whenever they have reasonable concerns arising from actuarial work or the way it is used, and follow the issues through*”
- IFoA Whistle-blowing Guide and hotline

Solving ethical dilemmas

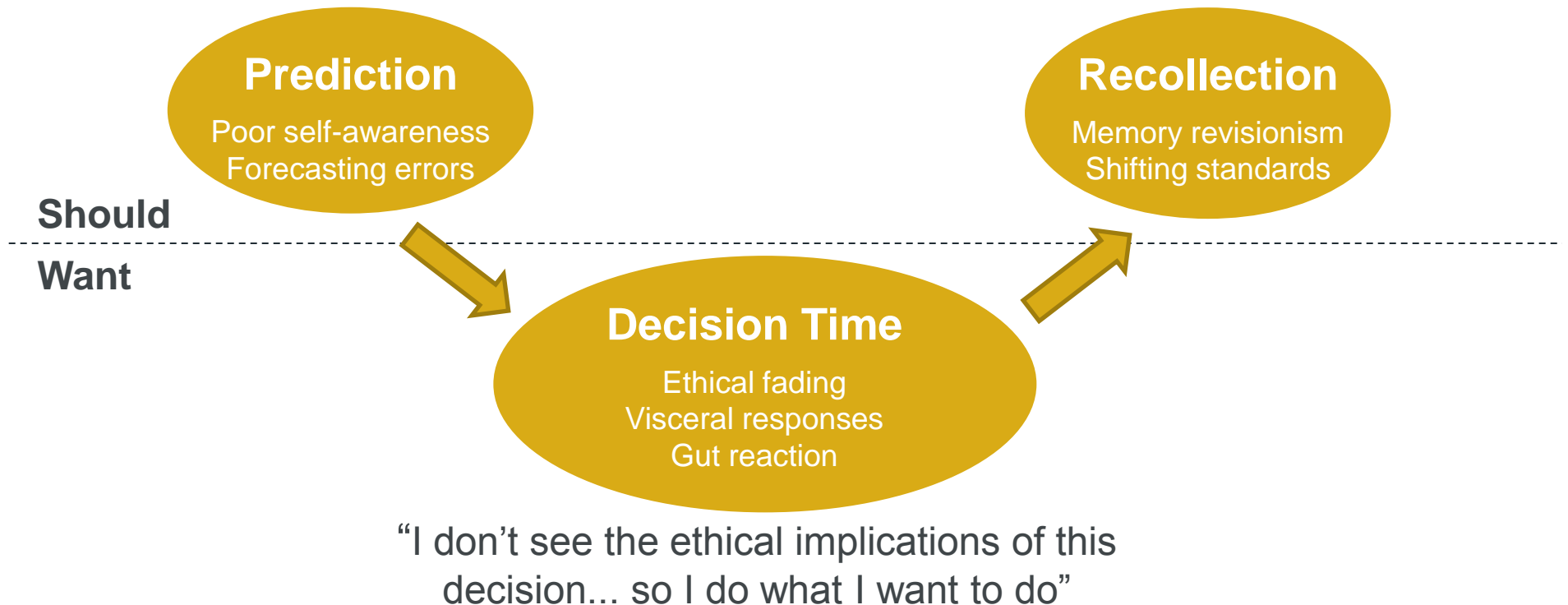
A process for solving ethical dilemmas:

- Identify all the stakeholders
- Create possible solutions
- Test the consequences for each stakeholder
- Select the potentially attractive solutions
- Evaluate the advantages/disadvantages
- Test against a range of worst-case scenarios
- Decide on your preferred solution
- Ensure you can justify your decision
- Make notes of the decision and your reasons

Behavioural ethics – greater self-awareness helps you avoid ethical fading

“I should behave ethically
... therefore I will”

“I should have behaved
ethically... therefore I did”



Case Studies

- And now for the fun bit....
- You are invited to consider a case study (or two!), along with some accompanying questions.
- You will have the chance to discuss your proposed answers to the case study(ies) with your group for approximately 20 minutes.
- We will then discuss your responses.

Any further questions?



THANK YOU

