

### Examples of possible conflicts of interest

Whether a conflict exists will depend on the specific circumstances of the particular scenario, which might vary significantly between practice areas and countries of work.

Members will need to take account of those specific circumstances, as well as any established practices, in determining whether a conflict exists. The table sets out some practical examples of conflicts of interest that Members may face, with separate lists particularly intended for practitioners working in the areas of insurance and pensions.

This list is not exhaustive and is intended to provide some initial guidance to help Members identify whether or not they are facing a conflict of interest.

Area	Example	Example of Source of Conflict
<b>Applicable to all Members</b>	User versus user or user versus former user	<ul style="list-style-type: none"> <li>• Duty owed to one user may impact on duty to another.</li> <li>• Confidential information gained from one user may benefit another user.</li> <li>• Knowledge gained from former, or existing, user may be of advantage to another user.</li> </ul>
	Personal or professional values conflict with user objectives	<ul style="list-style-type: none"> <li>• The course of action proposed by the user is at odds with the values of the Member or the Member's obligations to the IFoA, or their employer.</li> </ul>
	Personal or family interest	<ul style="list-style-type: none"> <li>• Where the Member's advice could personally affect the Member or their family, financially or otherwise.</li> <li>• Member advising own employer gives advice potentially benefitting his/her part of the business.</li> </ul>
	Conflict between interests of a user and the interests of the Member's firm	<ul style="list-style-type: none"> <li>• Advice given by a Member to a user may be sound but unacceptable to the user and risk jeopardising the relationship between the user and the firm in other areas.</li> <li>• Member's advice may bring in more fee income for the Member's firm but is of questionable value to the user.</li> </ul>

Area	Example	Example of Source of Conflict
<b>Insurance (Life and General)</b>	Conflict between interests of policyholders and commercial interests of the life office employing the Member	<ul style="list-style-type: none"> <li>Likely to be most acute in advising on management of with-profits business; for example, the level of investment risk taken in the fund and the use of the fund's assets to support business development.</li> </ul>
	Conflict between solvency of life office and immediate management objectives	<ul style="list-style-type: none"> <li>A Member's duty to advise on risks to the long-term solvency of a firm may conflict with shorter-term commercial objectives; for example, to maintain dividends or to write new business.</li> </ul>
	Conflict between commercial and professional interests	<ul style="list-style-type: none"> <li>Member is under pressure from management to suppress claim reserve estimates.</li> </ul>
	Conflict arising from being a policyholder	<ul style="list-style-type: none"> <li>Member is a policyholder of the insurance company for which he/she works and in a position to influence the premium charged and/or benefits provided.</li> </ul>
	Conflict between providing accurate reserve calculations and personal gains	<ul style="list-style-type: none"> <li>Methodology and assumptions on reserve calculations will affect profit and business value, which may in turn affect the Member's bonuses and long-term incentives.</li> </ul>
<b>Pensions<sup>1</sup></b>	Direct conflicts as adviser to trustees and adviser to company	<ul style="list-style-type: none"> <li>Trustee interests are likely to be in increasing prudence and funding. Companies will often be interested in reducing prudence or reducing funding.</li> <li>When advising on whether or not to call for an actuarial valuation in response to a material change in circumstances.</li> <li>When advising on appropriate actuarial factors such as commutation or early-retirement factors.</li> </ul>
	Conflicts arising due to client being conflicted	<ul style="list-style-type: none"> <li>A finance director who is also a trustee (or a chair of trustees who reports in to the finance director) might ask for the Scheme Actuary's advice to the trustees to be favourable to the company.</li> <li>The trustees do not want to be "difficult" and upset the company.</li> </ul>
	Direct conflicts between two connected or unconnected clients	<ul style="list-style-type: none"> <li>The Member is acting for two entirely separate clients who (possibly confidentially) become involved in a corporate transaction (either</li> </ul>

<sup>1</sup> See also APS P1 Duties and Responsibilities of Members Undertaking Work In Relation To Pension Schemes.

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		<p>between each other or in connection with a third party).</p> <ul style="list-style-type: none"> <li>The Member is a Scheme Actuary for more than one pension scheme of the same employer and there is a proposal to merge the pension schemes or the pension schemes are "competing" for limited funds from the employer (particularly difficult if the employer covenant becomes weak).</li> </ul>
	Conflicts of interest with own employer	<ul style="list-style-type: none"> <li>Scheme Actuary is directly employed by the company sponsoring the pension scheme.</li> </ul>

