



Institute
and Faculty
of Actuaries

The Actuaries' Code

Guidance to support the principles and
amplifications in the Actuaries' Code

by the Regulation Board

Section 1: Introduction &
Section 2: The Code – Application, Scope and Status
and Purpose

This Guide imposes no new obligations upon Members or their employers. Rather the Institute and Faculty of Actuaries ("the IFoA") hopes that the Guide will be a useful tool for its Members.

This Guide does not constitute legal advice, nor does it necessarily provide a defence to allegations of Misconduct. While care has been taken to ensure that it is accurate, up to date and useful, the IFoA will not accept any legal liability in relation to its contents.

V1 April 2019

1. INTRODUCTION

- 1.1. The Institute and Faculty of Actuaries (IFoA) is responsible for the regulation of the actuarial profession in the public interest. As part of its regulatory function, it also sets and maintains a framework of standards for its Members. Members of the IFoA must comply with those standards as a condition of membership.
- 1.2. Central to the IFoA's framework of standards is its overarching ethical code, known as the Actuaries' Code (the Code), which was first published in 2009. The framework also contains Actuarial Profession Standards (APs), which apply specific requirements to Members, building on the principles of the Code, as well as non-mandatory guidance and resource material designed to assist Members in meeting their professional obligations. For Members carrying out UK work, there are also Technical Actuarial Standards (TASs) set by the UK's Financial Reporting Council (FRC) and enforced by the IFoA.
- 1.3. This Guidance has been prepared by the Actuaries' Code Working Party, and is issued by the Regulation Board of the IFoA. Its purpose is to aid Members' understanding of the requirements of the Code and help them meet their ethical and professional responsibilities under it.
- 1.4. The Guidance contains information about each of the six principles contained within the Code, as well as its application, scope and status and purpose. Separate, more detailed guidance also exists on a number of specific topics that are strongly connected with the requirements of the Code, for example on conflicts of interest. The IFoA's full suite of non-mandatory guidance can be found on the IFoA's website.¹
- 1.5. Each of the principles contained within the Code is accorded equal importance. The length and/or level of detail of the guidance provided for each of the principles does not, therefore, mean that any one principle is more or less important than another.
- 1.6. It is hoped that this Guidance will be a useful tool for Members who find themselves facing ethical issues and are considering how to handle them appropriately and professionally. It is not prescriptive in relation to how Members should apply the Code, but rather aims to help Members to use their own judgement in determining how to comply with its provisions. The Guidance is only an indicator of relevant considerations and therefore a departure from the approach suggested may in some circumstances be appropriate, provided the conduct is reasonable and the Member is able to explain and justify the approach they have taken.
- 1.7. It is anticipated that this Guidance will be used mainly by Members. However, it also contains information that may be useful for people who work with actuaries (including employers of Members). Separate guides also exist for employers of Members on particular topics, including Conflicts of Interest.²

¹ <https://www.actuaries.org.uk/upholding-standards/standards-and-guidance/non-mandatory-guidance>

² <https://www.actuaries.org.uk/documents/conflicts-interest-guide-employers-actuaries>

- 1.8. Given the variety of matters which are covered in this Guidance, and given that it is designed to be useful for Members in all practice areas, the Guidance is, of necessity, intentionally broad and is not restricted to any one practice area. Members are encouraged to consider how the general principles discussed in this Guidance might be applied to issues arising in their particular area of practice since the issues and application will vary between areas.
- 1.9. Please note, the term “you” is used throughout this Guidance to refer to Members.
- 1.10. This Guidance is non-mandatory; it imposes no obligation upon Members over and above those embodied in the Code or APSs.
- 1.11. This Guidance does not constitute legal advice. While care has been taken to ensure that it is accurate, up to date and useful, the IFoA will not accept any legal liability in relation to its content.
- 1.12. Non-compliance with the Code may lead to Members becoming liable to disciplinary action. While this Guidance may be referred to and considered in the course of disciplinary proceedings, it will not necessarily provide a defence to allegations of misconduct.

2. THE CODE – APPLICATION, SCOPE and STATUS AND PURPOSE

Application

- 2.1 The Code applies to all categories of Members without exception (i.e. it applies to Students, Student Actuarial Analysts, Certified Actuarial Analysts, Affiliates, Associates, Fellows and Honorary Fellows).
- 2.2 The Code has no geographic restrictions and applies to Members in all locations and in relation to work carried out in respect of any part of the world.
- 2.3 The Code applies regardless of the nature of a Member’s client or employer or of their employment status. This means that the Code would apply to an unemployed or retired Member, as well as those on maternity or other parental leave.

Scope

- 2.4 The Code applies at all times to all Members’ conduct in relation to an actuarial role. The Code does not define an ‘actuarial role’ so it is for an individual Member to determine if they are carrying out an actuarial role for these purposes.
- 2.5 The sort of circumstances that point to a role being an ‘actuarial role’ might include whether Members, users or the general public could reasonably perceive the role as being actuarial. This is likely to include work for a traditional employer of actuaries (such as a pension scheme or an insurance company) but would also include other instances, including honorary and business roles, where:

- a Member is performing a role that requires, or benefits from, specific actuarial skills, for example, a Member employed (either directly or as an external adviser) by the trustees or sponsor of a pension scheme to assist in the management of the pension scheme, or where a Member is appointed to an honorary role in light of their numerical, analytical and other professional skills;
- a Member is performing a role in which they have presented themselves as an actuary, for example, by signing off correspondence with the letters 'FIA' or 'FFA' after their name or having been appointed or elected as a result of their IFoA membership; or
- Reliance is placed on a Member's actuarial judgement due to their membership of the IFoA, for example, where a Member is appointed to a governing body by reason of their actuarial experience and expertise and where the use of that experience and actuarial expertise is explicitly relied upon.

2.6 The Code also applies to all Members' other conduct if that conduct could reasonably be considered to reflect upon the profession. This means conduct by a Member that may have an impact upon the reputation of the actuarial profession as a whole, even if that conduct occurs outside of a Member's actuarial professional life.

2.7 In most cases, it will be clear whether or not a course of conduct is likely to be considered to reflect on the profession. An example of this could be where a Member commits a serious criminal offence.³

2.8 Examples of 'other' conduct might include conduct where a Member is:

- discussing matters outside of a professional context, but where their opinion might be given more weight because of their membership of the IFoA or their qualifications;
- carrying out an honorary, volunteer or business role such as acting as a trustee or the treasurer or board member of a charitable foundation or acting as a Non-Executive Director to the board of an insurance company (Members ought to ensure however that the precise terms of their engagement are clearly set out for these types of roles, as being asked to provide actuarial advice in the course of their appointment may subsequently bring their work into the scope of an 'actuarial role'); or
- doing something else that has nothing to do with actuarial work as such, but where they are clearly identifiable, or are subsequently identified, as actuaries and an observer might be inclined to take their behaviour as representative of actuaries more generally (for example where a Member is posting comments on social media that are bullying or threatening in circumstances where they have identified themselves as an actuary, or could easily be identified as an actuary).

³ There are specific requirements imposed upon Members in Principle 4 of the Code (Compliance) and through the Disciplinary and Capacity for Membership Schemes, both of which require notification to the IFoA of criminal convictions.

Status and Purpose

The Public Interest

- 2.9 The IFoA is incorporated by Royal Charter. Amongst other things, the Charter defines the IFoA's purpose as the regulation of the actuarial profession in the public interest. The IFoA sets appropriate standards, and requires Members to comply with them, in order to promote high quality actuarial work and ensure that Members maintain a high standard of professionalism and ethics.
- 2.10 There is no specific obligation imposed upon Members to consider the public interest impact in respect of the work that they carry out, or in their day-to-day conduct. Rather, by acting in accordance with the standards set by the IFoA, including the Code, Members will be helping the IFoA to ensure that it succeeds in meeting its wider public interest aims.

The structure of the Code

- 2.11 The Code contains six principles which are shown in italics. Those six principles are supported by 'amplifications' that clarify specific requirements of the principles for some particular issues. Members must comply with both the principles and the amplifications. The amplifications are not intended to be read as exhaustive lists of types of behaviours that fall under the principles themselves; the principles go further than the amplifications that support them. Rather, they are intended to highlight some specific requirements that the IFoA considers particularly important for Members to follow.
- 2.12 The Code uses the words 'must' and 'should' to clarify the level of obligation in relation to each of the provisions in the Code. The word "must" denotes a mandatory requirement, whereas the word "should" is used in the Code to indicate that, while there is a general presumption that Members will comply with the provision in question, there will be situations in which non-compliance with one or more of the requirements within the Code may be justified; for example, situations in which a Member is complying with a legal requirement to report which is at odds with amplification 1.2 of the Code which deals with confidentiality.

Users

- 2.13 The term 'user' is not defined within the Code and is used in a range of different contexts. Members are therefore expected to exercise professional judgement in determining the relevant user for each piece of work, depending on the particular circumstances in which it has been instructed. Members have to take into account the relevant user in considering how each requirement under the Code should be interpreted for that piece of work. The appropriate interpretation of references to "user" in this Guidance and the Code may differ depending on (i) the particular principle or amplification to which is being referred; and (ii) the particular circumstances to which it is being applied.

- 2.14 In determining the user of a piece of work, relevant factors to consider might include (but are not limited to):
- who it is that has instructed the Member to carry out the piece of work and the nature of the instruction;
 - who it is the piece of information or advice is being produced for (recognising that this may not always be the same as the party instructing the work);
 - the scope and purpose of the proposed work; and
 - who is likely to be relying on the piece of work in order to make decisions.
- 2.15 Members are reminded that the use of and reliance on actuarial information or advice is not always confined to those commissioning its preparation; the users of a piece of work may therefore potentially extend to a wide range of groups, for example, insurance policyholders or pension scheme members who are not a Member's direct clients, but are stakeholders in the Member's work.
- 2.16 Often, the ultimate user of a piece of work will be someone other than the person who has instructed the Member to carry it out. Where Members are contributing to a larger piece of work involving other Members or other professionals, they are encouraged, where appropriate, to discuss at an early stage who the user of their work is likely to be.
- 2.17 Members may note that the word 'user' is also used in certain APSs produced by the IFoA, as well as in standards and guidance developed by other actuarial organisations or regulators, for example the FRC in its TASs. Where this is the case and the word 'user' has been given a specific definition within a particular standard, Members are reminded that this will not necessarily carry the same meaning as 'user' within the context of the Code, where the word is given its natural meaning and is intended to be used broadly.

Departures from the Code

- 2.18 Failure by a Member to comply with the ethical requirements set out in the Code may lead to disciplinary proceedings under the IFoA's Disciplinary and Capacity for Membership Schemes.⁴
- 2.19 The IFoA considers allegations that an individual Member (or former Member) is guilty of Misconduct or that their capacity to be a Member is impaired. The question of whether a Member's conduct amounts to 'Misconduct' for the purposes of the Disciplinary Scheme will be one for an Adjudication Panel or Disciplinary Tribunal Panel to determine, taking into account

⁴ <https://www.actuaries.org.uk/upholding-standards/complaints-and-disciplinary-process/disciplinary-and-capacity-membership-schemes>

The FRC also operates a disciplinary scheme for the actuarial profession. The FRC's Actuarial Scheme undertakes the investigation and prosecution of cases which raise or appear to raise important issues affecting the public interest in the UK. You can find out more about the FRC's Actuarial Scheme here - <https://www.frc.org.uk/auditors/enforcement-division/actuarial-scheme>

the particular facts and circumstances of each case.⁵ The question of whether a Member's capacity to be a member of the IFoA is impaired for the purposes of the Capacity for Membership Scheme will be a matter for a Capacity for Membership Panel to determine.

- 2.20 The final paragraph within the 'Status and Purpose' section of the Code reminds Members that nothing in the Code is intended to require them to act in breach of legal requirements. This means that a Member will not be treated as having breached the Code if they are complying with a legal obligation, even where there is an apparent conflict between that legal obligation and any requirement(s) set out in the Code. Section 7 of this Guidance, which provides guidance on the 'Speaking Up' Principle, contains some specific examples of when such a conflict might occur.
- 2.21 The reference to 'legal requirements' in the 'Status and Purpose' section of the Code is intended to cover requirements imposed by legislation, regulation or the common law. It does not extend to contractual provisions agreed with a user or provisions imposed by a Member's employer, which seek to prevent the Member from complying with the Code or other legal or regulatory requirements. It is not possible to contract out of complying with the Code and Members will need to bear this in mind when entering into contracts that have provisions relating to confidentiality.

⁵ There is further information available on the IFoA's website which provides practical information about the meaning of Misconduct in the context of the Disciplinary and Capacity for Membership Schemes:
<https://www.actuaries.org.uk/documents/safeguarding-public-interest-faqs>