



Institute
and Faculty
of Actuaries

The Actuaries' Code

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

by the Regulation Board

Section 3: Principle 1 - Integrity

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.

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3. PRINCIPLE 1 - INTEGRITY

The general principle of integrity

- 3.1 Members are expected to demonstrate high standards of behaviour. This is reflected in the first principle of the Code, which states:

“Members must act honestly and with integrity.”

Acting in an ethical and professional manner

- 3.2 Integrity is generally accepted as a fundamental requirement to act in an ethical and professional manner. If someone has integrity, their actions are consistent with their beliefs, both stated and real. They will not claim to have a certain belief and then act in a way that contradicts this, whether or not they are likely to be caught out.

Being honest and fair

- 3.3 Acting with integrity in a professional setting will generally mean being straightforward and honest in your professional and business relationships and dealing fairly with those around you. This expectation extends to situations in which you are promoting your business services

Respecting others

- 3.4 The first amplification under the Integrity principle provides that: *“Members must show respect for others in the way they conduct themselves.”* The scope of this requirement extends not only to users, but to anyone with whom Members interact, including colleagues and the general public. Amongst other things, showing ‘respect for others’ includes not deceiving or manipulating others, not taking credit for others’ work and not spreading false or defamatory information about people. More subtly, showing respect for people includes such things as avoiding the temptation to publicly ridicule others’ ideas and giving people a fair hearing. Often, a lack of respect can be demonstrated by non-verbal communication as much as by a person’s choice of words, their tone of voice or the volume with which they speak.
- 3.5 In determining whether a course of conduct demonstrates a lack of respect, it is important to consider how you would feel if the behaviour in question were being directed at you instead. It is also worth remembering that the same behaviour may have a different impact on different people; what one person may find offensive may not have any effect on another. Often, people of different social and cultural backgrounds can perceive the same conduct and behaviour very differently.

Voicing opinions

- 3.6 Showing respect for others does not mean that Members cannot voice their opinions or disagree with others where they hold an opposing point of view. Legitimate challenge and constructive comment are to be encouraged both in a professional setting as well as in other contexts. Nor is the Code intended to impinge upon Members’ rights to free speech or to

express their religious and political views. It is expected however that where disagreements do arise, Members will act with courtesy, recognising the rights of others to hold and express different ideas and opinions from them.

- 3.7 The IFoA promotes equality and diversity and the development of an inclusive profession that incorporates people from a range of backgrounds. Members are encouraged to behave in a way that recognises and respects diversity and different cultures.

Duties outside the actuarial profession

- 3.8 The Code applies to all Members' "*other conduct if that conduct could reasonably be considered to reflect upon the profession*". This means that conduct outside of a Member's actuarial professional life that demonstrates a lack of respect towards others will be caught by the Code, but only to the extent that it may have an impact upon the reputation of the actuarial profession as a whole. In a personal context therefore, not all behaviour that demonstrates a lack of respect will be caught by the Code. Members are expected to use reasonable judgment in determining what behaviour is appropriate.

The duty of confidentiality

- 3.9 Users and the general public are entitled to expect that sensitive information will not be misused, treated carelessly or, other than in exceptional circumstances, be shared without permission. This is reflected in the second amplification under the Integrity principle which provides that: "*Members should respect confidentiality.*"
- 3.10 Confidential information to which a Member may have access includes personal data about third parties such as insurance or pension policy holders. It may also include communications from clients, such as emails, and some commercially sensitive information relating to businesses with which the Member interacts. Sometimes confidential information will not be labelled as such, and Members will need to exercise judgment as to whether there is a reasonable expectation that information should be considered confidential.
- 3.11 Information which is already lawfully in the public domain is not ordinarily confidential.

When confidential information may rightly be disclosed

- 3.12 The duty of confidentiality, while important, is not absolute. Information can be disclosed in certain circumstances where disclosure is required by law, or is permitted by law, and can be justified in the public interest. The IFoA recognises that certain situations will arise in which legal or other requirements will override a Member's duty of confidentiality. That is why the specific amplification dealing with confidentiality has been drafted as a 'should' provision, rather than a 'must'. Indeed, the 'Speaking up' principle of the Code may require confidential information to be disclosed under certain circumstances – in such situations Members need to carefully consider the extent and manner of disclosure necessary and avoid disclosing more than is necessary to fulfil their obligations.

- 3.13 A number of statutes empower government and other bodies, for example HM Revenue and Customs in the UK, to require any person to disclose documents and/or information. This might be, for example, in situations where confidential information indicates criminal wrongdoing. In the absence of a user's specific consent, it would be prudent to check under which statutory power the information is being sought and consider the relevant provisions carefully before proceeding with the disclosure.
- 3.14 Disclosures which are permitted by law, and justified in the public interest, might include situations in which criminal or unethical conduct is indicated, but where there is no legal requirement to disclose, or where disclosure is necessary for the purposes of reporting a serious impropriety to a relevant regulatory body.

Guidance on duty of confidentiality in relation to duty of disclosure and avoidance of conflicts of interest

- 3.15 Further guidance on the interaction between the duties of confidentiality and disclosure is set out in section 7 of this Guidance. Guidance on the duty of confidentiality, as it relates to conflicts of interest, can be found in section 5 of this Guidance.
- 3.16 The duty of confidentiality is a difficult area; therefore, you might want to take legal advice on these issues.