Institute and Faculty of Actuaries

Professionalism 2015/16
Getting it right today?

ACA 2016 Gatwick Conference

Neil Hilary
Institute and Faculty of Actuaries

5 February 2016

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Agenda

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What is the connection?

Professional Skills

Stage 3 is an annual requirement to complete two hours of Professional Skills Training which may be acquired by attending events, by completing an on line activity or by a combination of both.

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Objectives

In order to qualify as Stage 3 training the activity should enhance the member's understanding of an actuary's professional obligations and achieve one or more of the key objectives.

In essence – be ethical.

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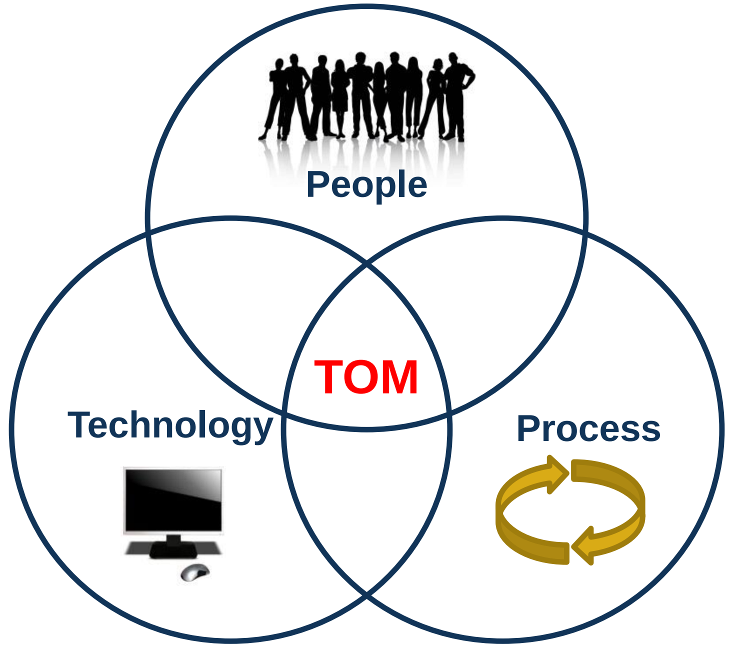
The new operating model is in place

- You have the same job as before
- Same job with new aspects
- New members of the team
- New job



Is it all what you expected?

Let's consider a situation

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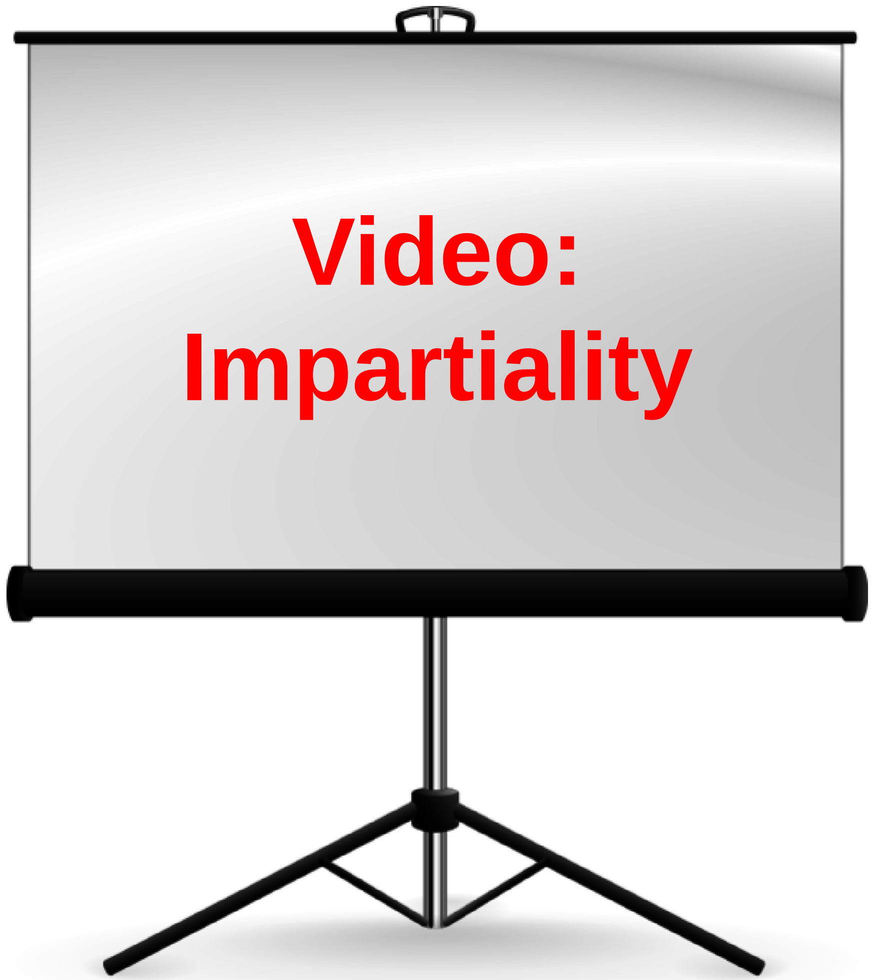

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Jennifer

- Justify or criticise her acceptance of Charles' suggestions
- What did you think of her ultimate solution (major on Client 1)?
- What score would you give to the alternatives of
  - Refusing Clients 2 and 3
  - Resigning from the firm?

Charles

- Business-driving or bullying? Normal senior partner?
- Threatening or simply explaining the obvious?
- "Team player" Is this a valid motivation
- Discuss the firm's stance in accepting Clients 2 and 3

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More generally ………

What do you think we should do?

Do we ask people to take on work without considering if they will be comfortable with it?

What would you do if you were asked to do something you were unhappy about?

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The Actuaries' Code

Competence and Care:

Members will perform their professional duties competently and with care.

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The Actuaries' Code

Impartiality:

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

3.1 Members will ensure that their ability to provide objective advice to their clients is not, and cannot reasonably be seen to be, compromised.

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The conclusion is you will do the right thing …… always

So let's consider a few examples

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Your friend, who doesn't work at your company, asks you what is the best way of saving for retirement.

An actuary, without identifying himself as an actuary, gives his opinion about various types of motor insurance policy in an internet forum.

Your team goes to a restaurant for the Christmas meal. One of the actuaries has a few too many drinks and ends up insulting some other diners.

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The **scope** of **The Actuaries' Code** says:

The Code applies at all times to members' conduct in their work as actuaries, but will also be taken into consideration where their conduct in other contexts could reasonably be considered to reflect on the profession.

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A new actuary produces a report that you are to review.

It quickly becomes clear to you that the report is completely useless.

It's not that a lot of work hasn't been put into the report – it has – or that calculations have not been performed accurately – they have – but unfortunately he has clearly completely missed the point of the report.

Most of what he has produced is just irrelevant to the purpose of the report. You have a meeting booked with him in ten minutes to talk about the report. What should you say to him?

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The Actuaries' Code

Integrity:

Members will show respect for others in the way they conduct themselves in their professional lives.

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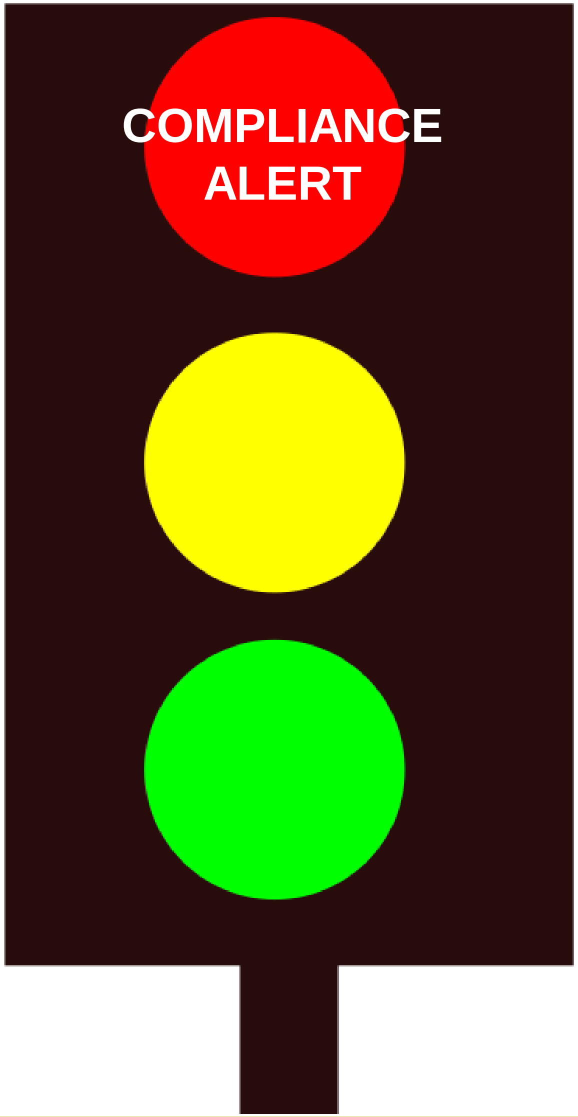
- APS X2
- Practising Certificates
- TAS 100
- Quality Assurance Scheme (QAS)
- Solvency II



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All Chief Actuary PC applicants are required to confirm their compliance with APS X2 for all actuarial work carried out since 1 July 2015.

This requirement will extend to other types of Practising Certificates in due course, as part of the annual review of the Practising Certificates Scheme.

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APS X2 also provides for a review to be applied to either the whole part or part of a piece of work.

So only part of a report requires to be reviewed, or it may be appropriate to apply different review processes to different part of the report.

The requirement under the APS is that the individuals involved have the appropriate level of experience and expertise. If the author is WPA/AF/CA who should review?

It need not be another WPA/AF/CA or even an actuary, and will depend upon the circumstances of the work.

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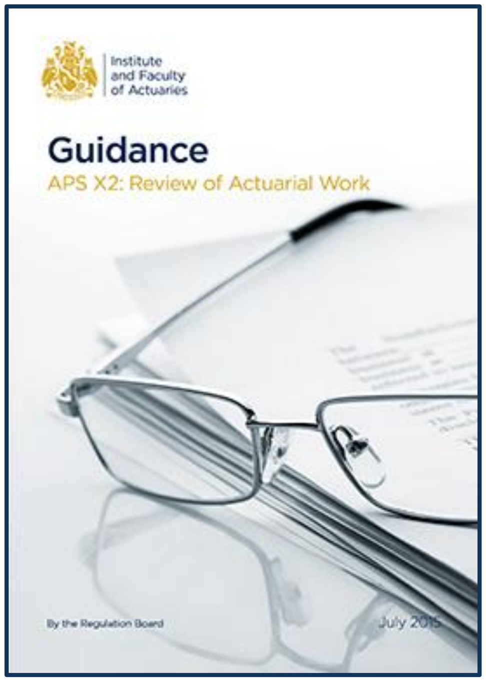
If however you consider that the review (or part of a review) should take the form of an Independent Peer Review, the individuals involved must not have been otherwise involved in the work in question.

They must have the experience and expertise to take responsibility for the work.



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Technical Experience Criteria from 1 July 2015: Scheme Actuary

Practising Certificate holders = 30 hours CPD per year

Scheme actuaries are used to this – but are there any GI actuaries here working on Solvency II?

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Diversity

Key theme of Nick Salter's (immediate past president) presidential year

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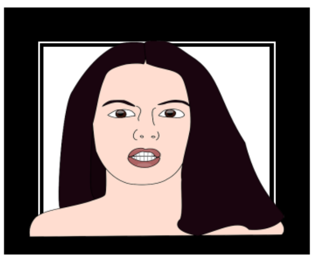
Picture this

Company on the way forward.

Mark CEO decides that now is the time to go further afield again into the Gulf in connection with local firm.

He asks Directors John and Anne who would be a good choice to oversee setting up a proper Risk Function.



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They conclude the perfect choice is Chris (UK COO) for a 1 year secondment.

They discuss with her and she is very keen to do it and all is set.

The local firm are in agreement.

THEN ………………..

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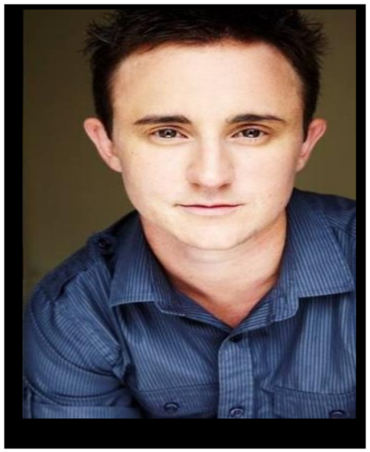

The locals had thought that Chris was a man.

Once they find out - they say it just won't work and we must send a man.

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SO WHAT DO WE DO?

Still send her?

Send someone else?

Something else?

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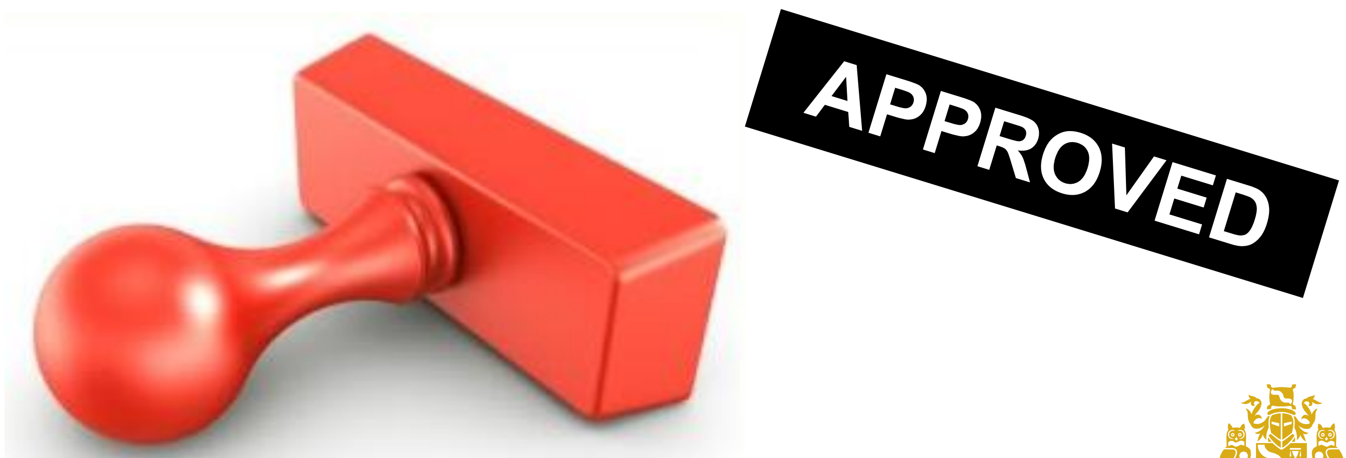
The Regulator is all set to approve our model

All is well and we know how the future will work

Surely this would never happen here…….



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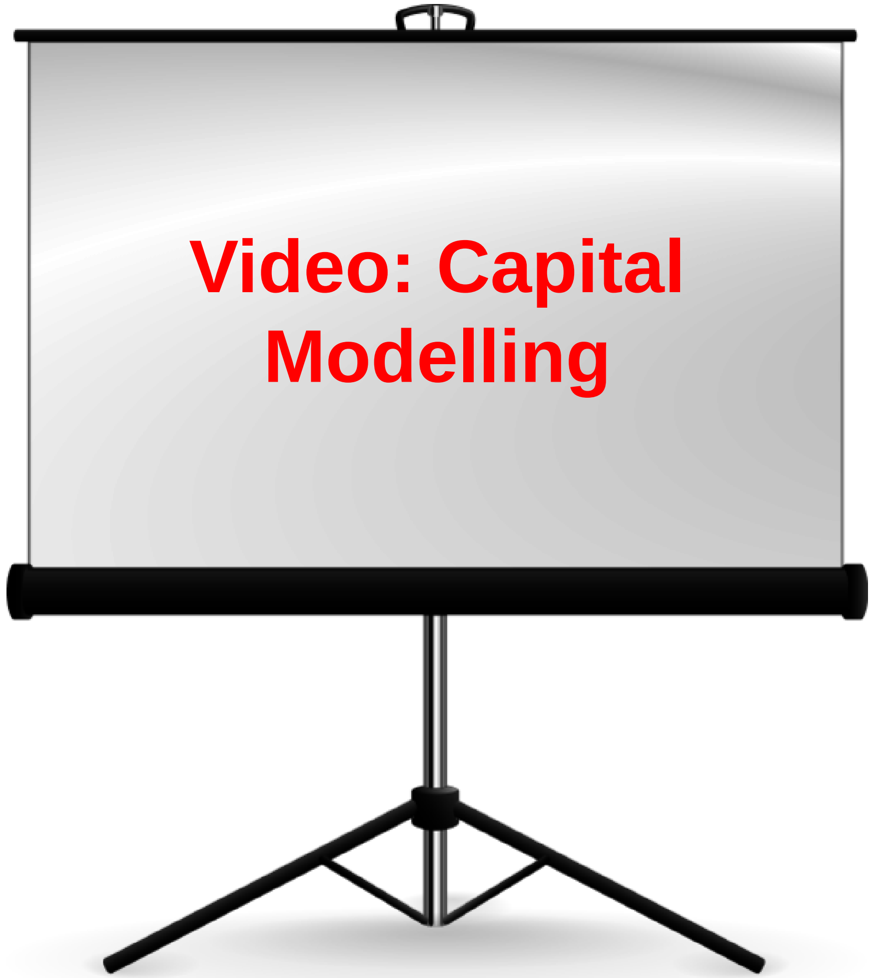

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What are the issues?

Do you do as requested?

What else could you do?

Were you unrealistic, over-demanding, not seeing it from company viewpoint?

Are the appropriate reporting lines in place? Are you happy to receive the Board's views from the CFO in this way?

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There are several areas of **The Actuaries' Code** that are relevant here:

- Impartiality
- Compliance
- Communication

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Fiona Morrison's presidential theme

Promote the Profession

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The IFoA will aim to support you.

And remember

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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.

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