

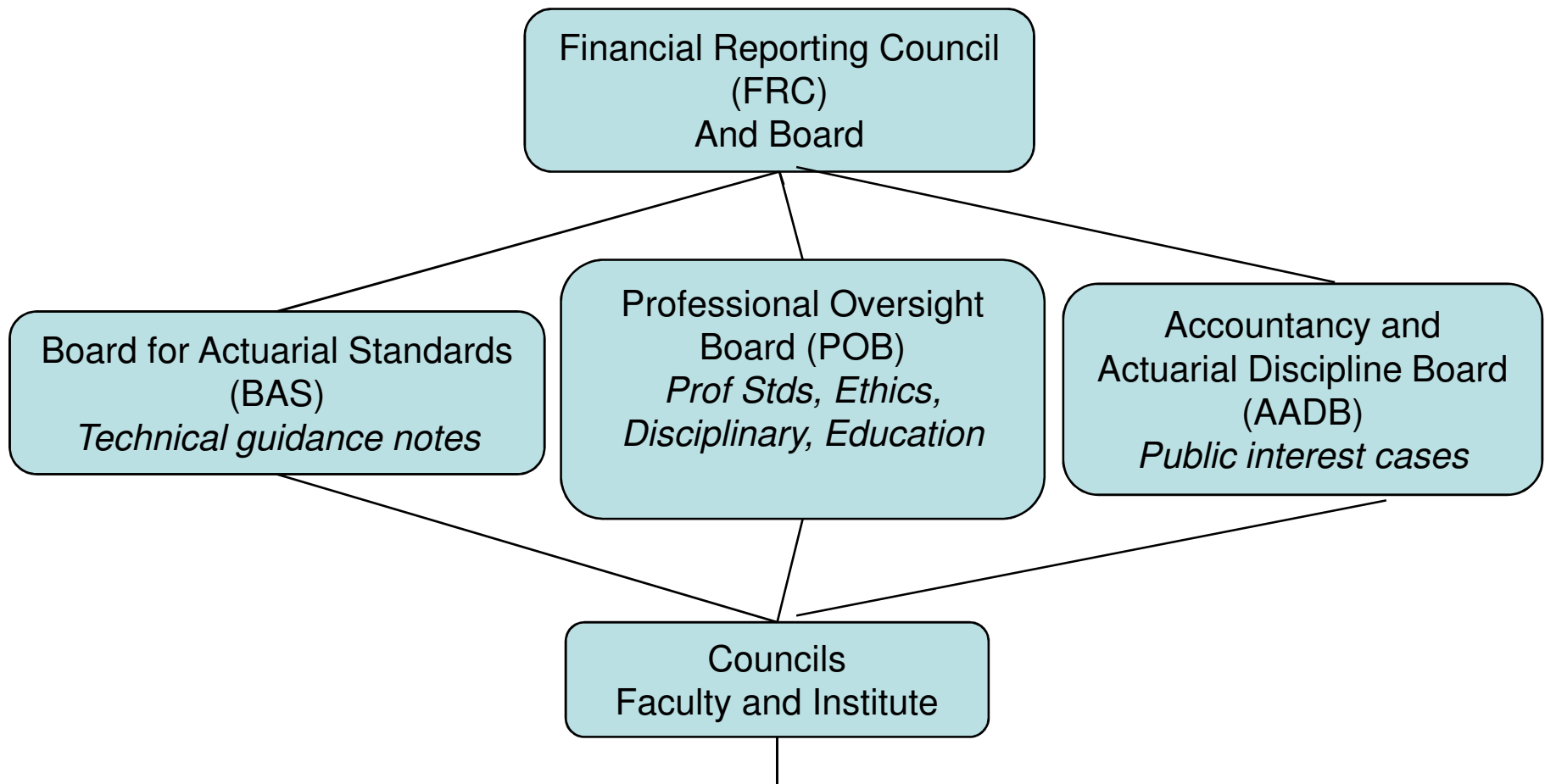


The Actuarial Profession

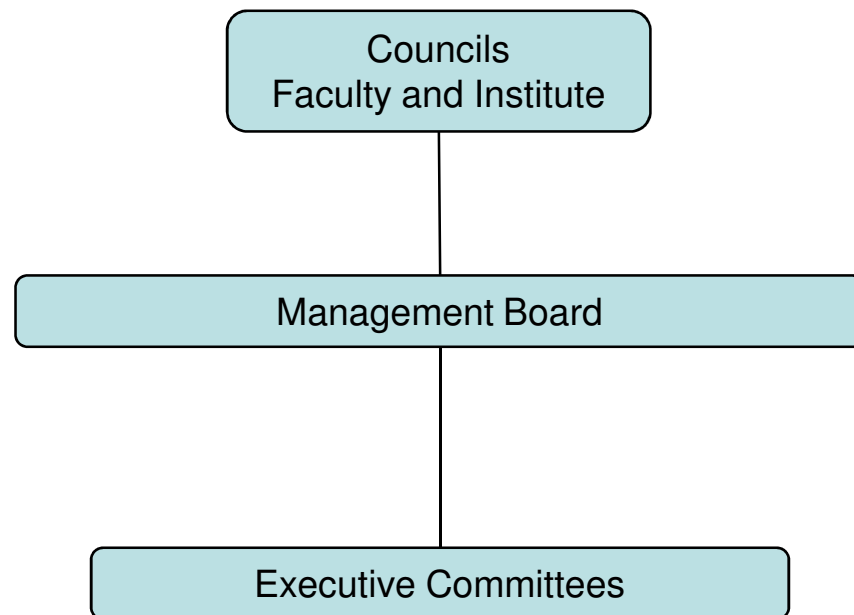
making financial sense of the future

The Actuaries' Code

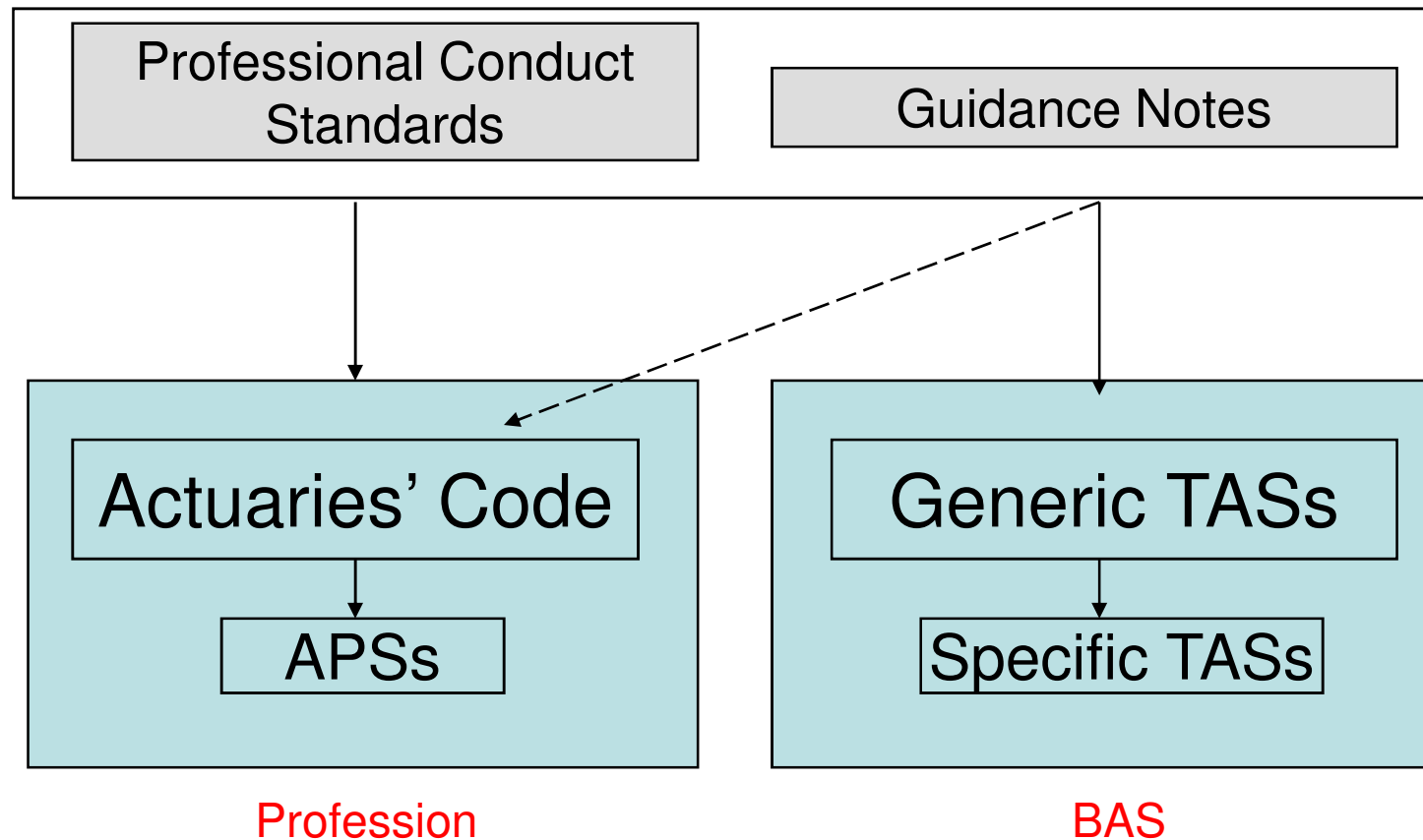
Regulation of the UK Profession



Corporate Governance



A Brief History



The Actuaries' Code

THE UK ACTUARIAL PROFESSION THE ACTUARIES' CODE

Application	All actuaries, which for this purpose means anyone subject to the Disciplinary Scheme of the Faculty of Actuaries in Scotland or of the Institute of Actuaries (the disciplinary schemes). They are referred to in this Code as "members".
Scope	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.
Status and Purpose	The Code consists of principles which members are expected to observe in the public interest and in order to build and promote confidence in the work of actuaries and in the actuarial profession. The Code will be taken into account if a member's conduct is called into question for the purposes of the Actuarial Profession's disciplinary schemes. It is not a set of rules, and conduct that falls short of the Code will not inevitably constitute misconduct. Equally, members will be expected to observe the Code's spirit in their professional conduct.

1. **Integrity:** Members will act honestly and with the highest standards of integrity.
 - 1.1 Members will show respect for others in the way they conduct themselves in their professional lives.
 - 1.2 Members will respect confidentiality unless disclosure is permitted by law and justified in the public interest.
 - 1.3 Members will be honest, open and truthful in promoting their business services.
2. **Competence and Care:** Members will perform their professional duties competently and with care.
 - 2.1 Members will consider who their advice and/or services are being provided to (their clients). In many cases this may be their employer.
 - 2.2 Members will not act unless:
 - a) they have an appropriate level of relevant knowledge and skill; or
 - b) they are acting on the advice of an individual who has the appropriate level of relevant knowledge and skill and all interested parties are aware that this is the case; or
 - c) they are acting under the direct supervision of another member who is taking professional responsibility for that work.

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- 2.3 Members will consider whether advice from other professions and other specialists is necessary to assure the relevance and quality of their work.
- 2.4 Members will take care that the advice or services they deliver are appropriate to the instructions and needs of the client, including the legal and other rules which may govern the matter, having due regard to others, such as policyholders of an insurer, members of a pension scheme, or any analogous persons whose interests are affected by the work of the member.
- 2.5 Members will agree with the client the scope and nature of any appointment or instruction.
- 2.6 Members will agree with the client the basis for their remuneration before commencing an appointment or instruction and before any material change in the scope of an existing appointment or instruction.
- 2.7 Members will keep their competence up to date.
3. **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.
 - 3.2 A conflict of interests arises if a member's duty to act in the best interests of any client conflicts with:
 - a) the member's own interests; or
 - b) an interest of the member's firm; or
 - c) the interests of other clients.
 - 3.3 Members will take reasonable steps to ensure that they are aware of any relevant interest, including income, of their firm.
 - 3.4 Members will disqualify themselves from acting where there is a conflict of interest that cannot be reconciled.
 - 3.5 Members will document the steps they have taken to reconcile a conflict and will agree those steps with their clients if they would be ineffective without agreement.
 - 3.6 Before accepting any assignment, members will consider carefully whether they should consult with any member who previously held such a position with the client, to establish whether there might be any professional reason why the assignment should be declined.
4. **Compliance:** Members will comply with all relevant legal, regulatory and professional requirements, take reasonable steps to ensure they are not placed in a position where they are unable to comply, and will challenge non-compliance by others.
 - 4.1 Members will speak up to their clients or to their employers, or both, if they believe, or reasonably ought to believe, that a course of action is unlawful, unethical or improper.

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- 4.2 Members will fulfil any obligations to report information to relevant regulatory authorities.
- 4.3 Where there is legal protection available, members will report behaviour that they have reasonable cause to believe is unlawful, unethical or improper, to regulators or other relevant authorities. In the UK these protections include the Public Interest Disclosure Act 1998, sections 342 and 343 of the Financial Services and Markets Act 2000 and section 70 of the Pensions Act 2004.
- 4.4 Members will promptly report any matter which appears to constitute misconduct or a material breach of any relevant legal, regulatory or professional requirements including Actuarial Profession Standards and Technical Actuarial Standards issued by the Board for Actuarial Standards, for consideration under the relevant disciplinary schemes. To the extent that the consent of a third party is required for this purpose in order to disclose information, members must take all reasonable steps to obtain such consent.
5. **Open Communication:** Members will communicate effectively and meet all applicable reporting standards.
 - 5.1 Members will ensure that their communication, whether written or oral, is clear (indicating how any further explanation can be obtained) and timely, and that their method of communication is appropriate, having regard to:
 - a) the intended audience;
 - b) the purpose of the communication;
 - c) the significance of the communication to its intended audience; and
 - d) the capacity in which the member is acting.
 - 5.2 Members will take such steps as are sufficient and available to them to ensure that any communication with which they are associated is accurate and not misleading, and contains sufficient information to enable its subject matter to be put in proper context.

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History

1965 Memorandum on Professional Conduct
plus
1984 Advice on Professional Conduct

1999 Professional Conduct Standards

2009 The Actuaries' Code

1st October 2009

The Actuaries' Code

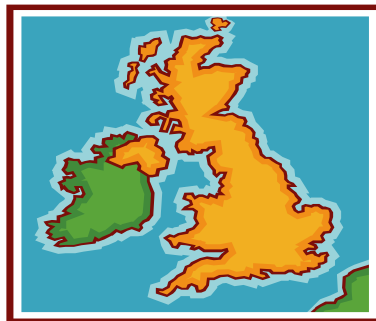
Fellows



Associates



Students

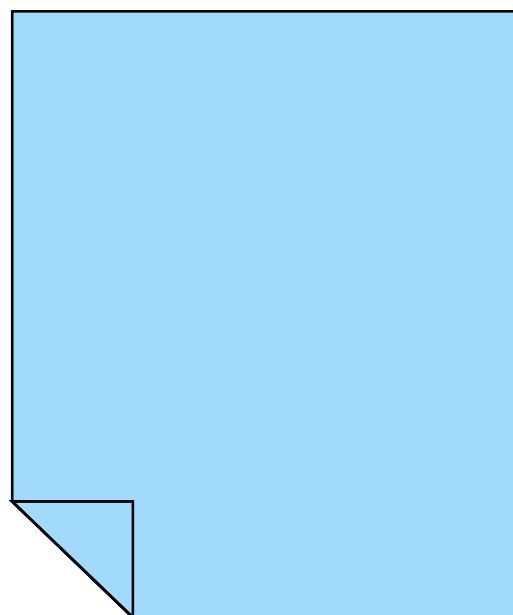


Formally – anyone subject to Disciplinary Scheme

Structure



X



✓

“Follow the spirit”

Scope

- At all times to conduct in work as actuaries
- Will be taken into consideration where conduct in other contexts could reasonably be considered to reflect on the Profession

Scope (cont)

!!!NEW!!!



Breaching Code no longer Misconduct

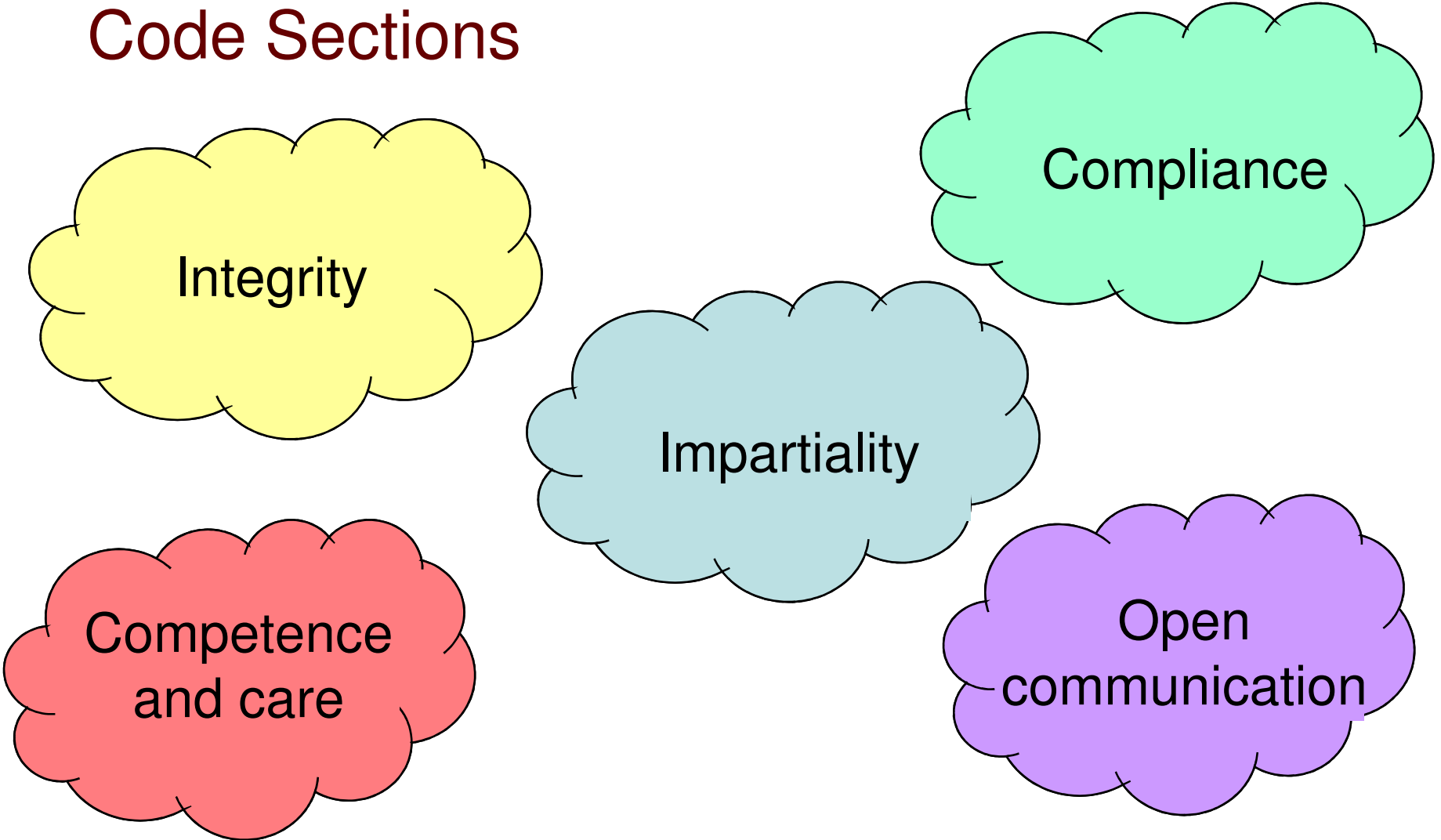


Taken into account for Misconduct

Why have a Code?

- Chartered profession → Public interest
- What makes us different (eg from economists, others)?
 - Work is underpinned by ethical Code [and standards]

Code Sections



Integrity

Compliance

Impartiality

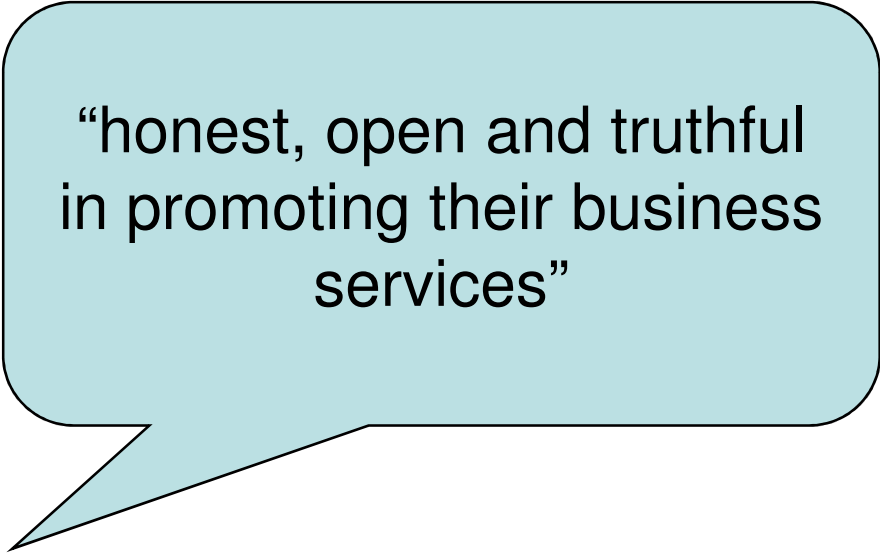
Competence
and care

Open
communication

Code Sections (cont)

■ Integrity

- Honesty
- Respect
- Confidentiality



“honest, open and truthful
in promoting their business
services”

Code Sections (cont)

■ Competence and Care

- Appropriate knowledge (or access to)
- Who is client? Their requirements
- Have due regard to others impacted by work (eg policy holders, pension scheme members)

“acting under the direct supervision of another member who is taking professional responsibility”

Code Sections (cont)

■ Impartiality

- Manage conflicts
- Have conflict management plan
- Consult with former adviser
- Contingency fees

“ability to provide objective advice to client is not, and cannot reasonably be seen to be, compromised”

Code Sections (cont)

■ Compliance

- Comply with all legal and regulatory requirements
- Fulfil obligations to report information to the relevant regulatory authorities – both Government and Profession

“speak up if [you] believe, or reasonably ought to believe, that [an action] is unlawful, unethical or improper”

Code Sections (cont)

■ Open Communication

- Communicate effectively
- Meet reporting standards
- Communication appropriate for intended audience

“ensure any communication associated with them is accurate, not misleading, and contains sufficient information to enable subject matter to be put in proper context”

Any more guidance?

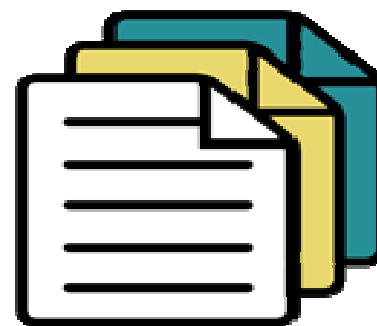
■ Yes

- Actuarial Profession Standards (APSs)
- Some non-BAS GNs
- Information and Assistance Notes (IANs)
- Awareness will include case studies, facilitated discussions



Any more guidance? (cont)

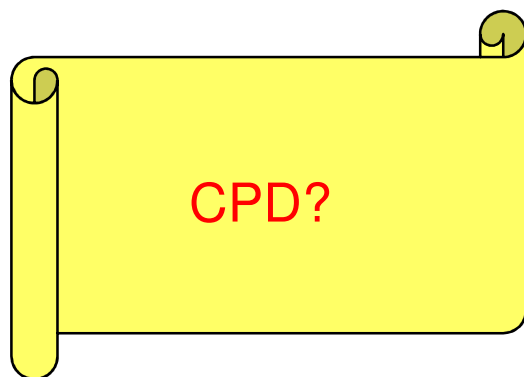
- **No**
 - These are **principles**



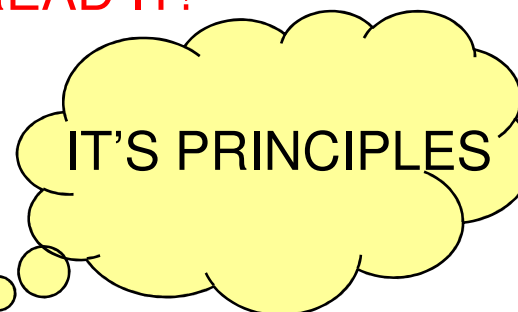
Launch activity

- Articles in The Actuary
- Email alerts
- Sessions at Conferences
- Speakers at local actuarial societies
- **On line test facility**

What do I do next?



READ IT!



THINK!

The CPD Scheme

As at 23 June 2009

■ No declaration & no activity	476
■ No declaration but some activity	562
■ Category 2 but no activity	283
■ Category 2 but insufficient activity	776

Conclusions

- Too complex
- Too bureaucratic
- Unenforceable
- Not targeted enough
- Not demanding enough

Therefore

- Justify
- Simplify
- Verifiable
- Target
- Increase

Justify

- Maintain and develop competence
- Transparency
- Challenge assumptions and sharing other views
- Relevance to role
- Public Interest
- Professional Oversight Board

Simplify

- Category 1
- Category 2
- Slimmed down rules
- Assumption of Cat 2 unless.....

Target

- Focus on Cat 1
- 30 hours
- Minimum 20 of which technical
- Minimum 10 of which external
- Minimum of 6 professional

What is external?

- Challenge group think
- Exposure to new ideas therefore
- It is the knowledge which is external
- May include an event within your firm addressed by an external speaker i.e. not necessarily the location or provider

When from?

- Cat 1 October 2009
- Cat 2 July 2010

How do we compare?

- Total number of hours:
 - Actuarial Profession 15
 - Assoc. of Chartered Certified Accountants 40
 - Chartered Institute of Bankers, Scotland 35
 - Royal College of Physicians 50
 - Institute of Actuaries of Australia 50
 - Canadian Institute 50
 - New Zealand Society of Actuaries 70

Where next?

- Outputs focussed
- More professionalism
- Automatic “sanctions”

Questions