Institute and Faculty of Actuaries

THE ONLY WAY IS ETHICS

ACA 2017

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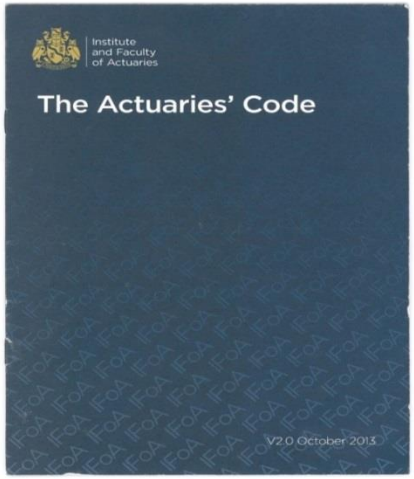
PST 2016/2017 - Overview

1. Introduction
2. Actuaries’ Code
3. Stage 3 PST – (short video)
4. Video 1 – ‘To sell or not to sell’ - view, discuss and feedback
5. UK Professional Guidance Update
6. Vignette 1 – ‘Communication’ – discuss and feedback
7. Vignette 2 – ‘Just Between Friends’ - discuss and feedback
8. Video 2 – ‘A walk on the wild side’ - view, discuss and feedback
9. Final thoughts and summary

Actuaries’ Code



The Principles:

1. Integrity
2. Competence and Care
3. Impartiality
4. Compliance
5. Communication

Intro video

To sell or not to sell

- TJ works for a pensions consultancy
- He is known for his fast and accurate work.
- Value to organisation is appreciated
- Receives good feedback from clients.
- But year-end appraisals seem to based on sales
- TJ finds the relentless pressure to sell distasteful
- … particularly the new ALM suite of programmes.

To sell or not to sell video

To sell or not to sell - discussion

- Considering TJ’s professional obligations, what are TJ’s options in this situation?

- Does whether you are the Scheme Actuary or an actuary within the client team affect your view?

UK Professional Guidance Update

- The following all came into effect on 1 July 2017

  - APS X1: Applying Standards to Actuarial Work
  - TAS 100: Principles for Technical Actuarial Work
  - TAS 200: Insurance
  - TAS 300: Pensions
  - TAS 400: Funeral plan trusts

Revised TASs: Transition Statement

- They apply to work which is completed on or after 1 July 2017.
- Early adoption was permitted for work completed on or after 1 April 2017
- In such cases compliance with the "original TASs" was not required.
- It should have stated that compliance is with the "revised TASs".
- For Scheme Funding exercises with an effective date on or before 1 October 2016, completed on or after 1 July 2017…
- … compliance with the Generic TASs (TAS D, TAS M and TAS R) and the Pensions TAS is permitted instead of TAS 100 and TAS 300.
- … with statement to this effect.

Vignette : Communication

The marketing strategy for your firm's investment product features the prominent claim that investors 'have seen up to 10% return on their investment in the first five years!'

This is true but only for very unusual investors. The vast majority will see something more like a 3% return, a figure which is not mentioned anywhere in the advertising.

- Is this advertising misleading?
- Is it OK if the 3% is mentioned in the small print on page 4?
- Should you do anything about it?

Just between friends – vignette

Your friend: actuary within Regulator, works in team that performs investigations in banking and insurance along particular themes

You: actuary, work for insurer that is worried about possible investigation into particular product

At work: you have been privy to some scenario planning on the impact that an investigation could have on your firm and a potential reduction in the share price.

At social event: unprompted your friend starts to talk about a potential investigation which makes you think that there is likely to be a formal announcement soon.

What might you do?

Just between friends - discussion

- **Is your friend breaching confidentiality?**
- **Has your friend been unprofessional – and what should you do about that?**
- **Do you have a duty to pass on the insight you have gained to your firm? Can you use the information that you have just heard?**
- **Do you have conflicts of interest – professional and personal?**

Suppose you have a share option scheme at work:

- **If you had been thinking about selling your shares, should that now cease?**
- **If you had been considering buying shares, are you obliged now to buy?**

Other suggestions:

- **Do you ask her about the source of the info – is it in the public domain?**
- **If you choose to do nothing, are you being unprofessional?**

A walk on the wild side - Video

- Clive - Narrator
- Jolyon - Narrator
- Tam - Young female actuary
- Rich - Young male actuary
- Carrie - From the Marketing Department
- Freya - Rich's boss

Clive and Jolyon take a light hearted look ("David Attenborough style") at the application of APS X2 Review of Actuarial Work - but have a serious message. Make sure you understand what is required and be prepared to challenge if others are intent on cutting corners.

Walk on the Wild side video

A walk on the wild side - discussion

- Is it okay to review the work of someone who will subsequently be reviewing your work? Or does that only matter if the review has to be demonstrably independent?
- Can you review the work of someone more senior than you? Does ‘independent peer review’ imply at least equality?
- If an actuary is performing work that is analytic – is that ‘actuarial work’ even if a non-actuary could perform the work?
- Does the fact that a more senior actuary is taking responsibility for work mean that the junior actuary does not have to worry having raised their issue?
- Is it reasonable to take into account the probability of someone raising a professional complaint about the work?

And finally

What does professionalism mean to you?

You are a recently qualified actuary and team leader – this includes carrying out annual performance reviews and ratings, which will ultimately affect the bonus and progression of your team.

You have recently started dating one of the students who is in your team and are about to do her annual review.

What should you do?

What if the student works in a different team but one your team works closely with?

And finally

Typical Employment policy

- A personal relationship at work can result in problems, and many employers choose to have a policy on relationships at work. These should strike a balance between employees' right to a private life and the employer's right to protect its business interests.
- The policy could stress that employees must not allow a personal relationship with a colleague to influence their conduct at work, and include a requirement to disclose to the employer any work relationship that may give rise to a conflict of interest. Line managers can be given guidelines on managing personal relationships at work.
- All employees should behave professionally while at work. Employees in a personal relationship with a colleague should not engage in affectionate behaviour during work time.

Summary and Closing Thoughts

Questions

Comments

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