

# Professional Balance

KENNETH A. KENT FSA, FCA, MAAA

CHEIRON



**Profession**

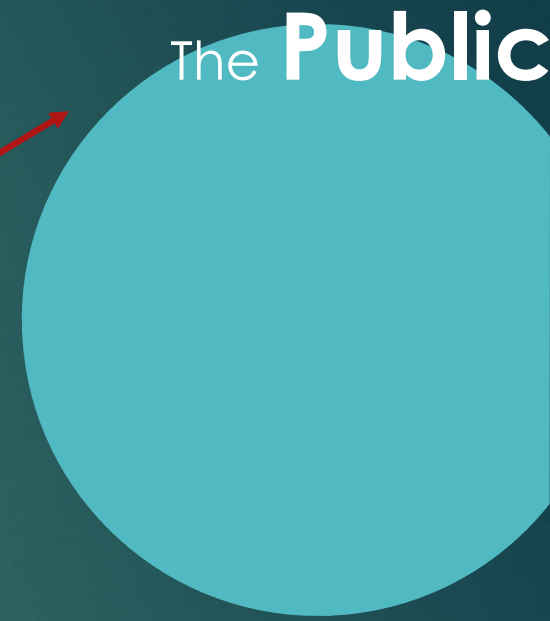
The **Public**

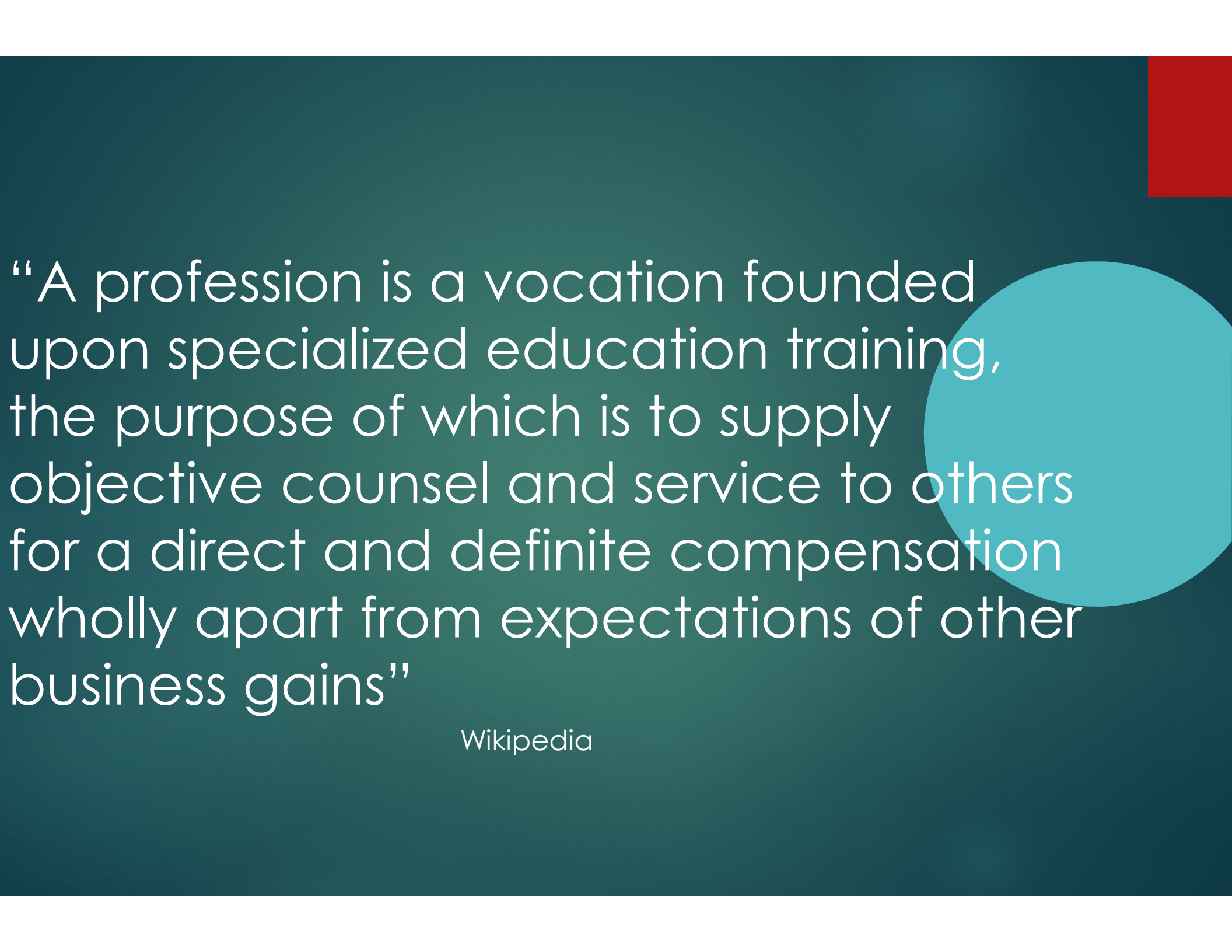
The **Actuary**

The **Employer**

The **Client**

The **Principal**





“A profession is a vocation founded upon specialized education training, the purpose of which is to supply objective counsel and service to others for a direct and definite compensation wholly apart from expectations of other business gains”

Wikipedia

Formation of a profession – arises when any trade or occupation transforms itself through *the development of formal qualifications* based upon education, apprenticeship and examination, the emergence of regulatory bodies with powers to administer and discipline members and some degree of monopoly rights”

Wikipedia

Where is the public in this? Where is the client, employer, principal we serve?

- ▶ Once an individual gets the education and has been admitted into the profession through an organization or other form of licensing, how/where do our responsibilities to the profession and the public influence/fit into our work?

The first place to look is in the rules for actuaries – we in the US call them the Code of Professional Conduct

Starting with the US Code

- ▶ In the introduction is stated *The Code ... identifies the responsibilities that actuaries have to the public to their clients and employers and to the actuarial profession*
- ▶ The Precepts however focus on behavior of the actuary and responsibilities to the Principal (employers and clients)

# Looking at the Institute and Faculty of Actuaries (UK) in *The Actuary's Code*

Under *Status and Purpose* is stated

- ▶ *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*

Under Compliance 4.1 is stated

- ▶ *Members will speak up to their clients or to their employers, or both, if they believe, or have reasonable cause to believe, that a course of action is unlawful, unethical or improper.*

Does this go far enough to serve the public interest?

# Looking at the Institute and Faculty of Actuaries (UK) in *The Actuary's Code*

It appears UK actuaries have protections we don't have here in the US under Section 4.3

▶ *Where there is legal protection available, members will report behavior that they have reasonable cause to believe is unlawful, unethical or improper, to regulators or other relevant authorities ... such protection is apparently covered in the *Public Interest Disclosure Act 1998*.*

▶ *Disclaimer I am not a lawyer and have not read this law*



# The Institute of Actuaries of Australia

## *Code of Ethics*

- ▶ Provides *Responsibility of members in serving the public intent ...and meets the requirements of :*
  - ▶ *The law*
  - ▶ *The Constitution*
  - ▶ *The Code*
  - ▶ *Professional Standards*

# The Canadian Institute of Actuaries

## *Rule of Professional Conduct*

In its' preamble states *These Rules of Professional Conduct identify the professional and ethical standards with which a member must comply and thereby serve the public Interest.*

- ▶ The rules then deal with practice of serving clients and employers

In each case how the actuary is expected to meet or serve the public is not explicitly stated

- ▶ When we look to our standard setting – in the US the focus is on principals of particular practice
- ▶ Serves to meet our responsibilities to the profession but not necessarily the public
- ▶ In fact can lead the public to question where their input opportunity lies

# the following argument sufficient?

- ▶ Our professional codes of conduct and ethical behavior
- ▶ Supported by general acceptable practice codified through standards
- ▶ Sufficiently holds the actuary to a level of behaviors and quality of practice
- ▶ Which through our practice meets our obligation to the public

Is this true and sufficient if a client or employer

- ▶ Has not gotten with the program of Corporate Social Responsibility (CRS)
- ▶ Can choose to ignore our work product or can shop for the answer that meets their objectives
- ▶ Can misuse, misstate or claim to misunderstand our results on the basis of the underlying complexity of our process

Many of our codes and rules address the responsibility to the profession when we see violations among actuaries

- ▶ Should we have some responsibility to the public about users of our work product?
- ▶ If we should how?
- ▶ If we don't, than we leave it to others including economist and lawyers - are we – the profession at risk when others do this for us?