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Code of Conduct Case Studies

**Actuaries Club of the Southwest
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Agenda for Today

Code of Conduct refresher course

- *Watch for the Pop Quizzes and our own reality show!*



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Code of Conduct -- Common Sense Ethics



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Pop Quiz

- Which actuarial organization(s) adopted the Code of Professional Conduct?
 - A. AAA
 - B. SOA
 - C. CCA
 - D. ASPPA
 - E. CAS
 - F. All of the above
 - G. A and B
 - H. A, B and E



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Pop Quiz

- Which actuarial organization(s) adopted the Code of Professional Conduct?

F. All of the above



Code of Professional Conduct

- You are **required** to keep current with the Code, as well as applicable Law and other rules of professional conduct within your jurisdictions
 - http://www.actuary.org/pdf/prof/code_of_conduct.pdf
- We will review the code today
 - *Note: the paraphrasing is mine personally and should not be construed as an official SOA interpretation. It's simply meant to be helpful to us today!*



Better keep yourself clean and bright; you are the window through which you must see the world.

– George Bernard Shaw (1856 – 1950)



**Precept 1:
Professional Integrity**

- **Be honest**
- **Use Skill and Care**
 - Don't be deceitful or intentionally **misrepresent**
- Don't do anything **illegal**, or that would hurt our **reputation**
 - Includes using 3rd party relationships to engage in improper activity



Precept 2: Qualification Standards

Make sure you're qualified

- Basic education
- Experience
- Continuing education



Precept 3: Standards of Practice

- You must satisfy applicable **Standards of Practice**
 - It's your **responsibility** to know what those are and keep up with changes
- If no Standard applies to the work, use **professional judgment** and generally accepted actuarial principles and practices
- If you **depart** from the Standards you must justify why



Precepts 4, 5 and 6: Communications and Disclosure

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Actuarial communications must:

- Be **clear** and **appropriate**
- Identify the **responsible actuary**
- Indicate who can provide **supplementary** information
- Identify the **Principal**



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Precepts 4, 5 and 6: Communications and Disclosure

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You must disclose **sources of compensation** in relation to an assignment

- If you are **not independent** you must disclose this to the Principal
- Disclosure is required regardless of your firm's operating locations



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Precept 7: Conflict of Interest

You should not perform Actuarial Services involving an actual OR potential conflict of interest, unless:

- You are able to act **fairly**
- You have **disclosed** the conflict to all Principals
- **All Principals** have agreed on your performance of the services



Precept 8: Control of Work Product

You should make sure your work is not used to **mislead** others

- Recognize the risks of **misquotation and misinterpretation**
- Construct and present your Actuarial Communication to avoid this
- Include **limitations** on the distribution and utilization of the Communication



Precept 9: Confidentiality

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Don't disclose **confidential** information

- Unless Principal **authorizes**
- Unless required by Law



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Precept 10: Courtesy and Cooperation

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- Use **courtesy** and **respect**
- **Cooperate** with others in the Principal's best interest
 - You can work for a Principal even if another actuary is already doing so
 - Differing opinions are allowed by the Code
 - You can (should) consult with the prior actuary, but only with consent of the Principal
 - And if you are the prior actuary, you should cooperate with the new actuary



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Precept 11: Advertising

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Don't use false or misleading **advertisement** for Actuarial Services

- Includes **all media** trying to influence any person or organization



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Precept 12: Titles and Designations

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Your **designation** should be only used in a way that is authorized by the organization



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Precept 13 and 14: Violations of the Code

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- If you are aware of a **material violation** of the Code by another Actuary
 - First **discuss** it with the other actuary
 - Then you should **disclose** to the Counseling and Discipline body
 - ◆ Unless contrary to law, or violating confidentiality
- Material violation:
 - **Important**
 - Affects the **outcome** of a situation



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Precept 13 and 14: Violations of the Code

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- If you are asked to provide information or cooperate with a counseling or disciplinary body, you should do so **promptly** and **truthfully**
 - Subject to restrictions of the Law, or confidentiality
- The ABCD stresses the “**C**”
 - <http://www.abcdboard.org/>



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