

2018 Joint Regional Seminar

Professionalism

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Agenda

- What is a Profession and Professionalism?
- Actuarial Obligation in the US – A Big Picture
- Code of Professional Conduct
- Top 10 Ways To Immunize Your Professionalism – A Preventive Care
- Changes to the IFOA's Actuaries' Code
- Summary

What is a Profession and Professionalism?

What Are the Characteristics of a Profession?

- Specialized skill & training
- Client expectation
 - Integrity
 - Unbiased
 - Quality Work Product
- Responsibility for Self-Reputation of Conduct and Competence
- Involved in a special public interest

What is Professionalism?

- The skill, good judgement, and polite behavior that is expected from a person who is trained to do a job well
- Professional skills and knowledge are the core but professional behaviors are crucial as well



*"I used to call people, then I got into e-mailing, then texting,
and now I just ignore everyone."*

Actuarial Obligation in the US

– A Big Picture

Actuarial Obligation in the US – A Big Picture (1)

Three kinds of standards in the US:

- **Code of Professional Conduct:**
 - Primary source of professional behaviors, adopted by all 5 US based professional organizations
 - Identifies actuaries' ethical responsibilities to the public, to clients and employers, and to the actuarial profession
- **Actuarial Standards of Practice:**
 - Issued by Actuarial Standard Board to comply with actuarial principles
 - Provides framework for performing professional assignments and offer guidance on recommended practices, documentation, and disclosure

Professional Obligation in the US – A Big Picture (2)

- Qualification Standards:
 - Issued by American Academy of Actuaries.
 - Consider a member's qualification for a particular assignment and only applicable for actuaries who issue public statement of actuarial opinions
 - Specify requirements for basic education, experience, and continuing education that must be met by actuaries issuing statements of actuarial opinion

Code of Professional Conduct

Comparison between AIRC and SOA Professional Code

現行中華民國精算學會規範	美國精算學會規範
1. 訂立宗旨	1. Professional Integrity
2. 定義	2. Professional Qualification
3. 秉持專業誠信	3. Standard of Practice
4. 遵循實務準則	4. Communications is clear and appropriate
5. 具備專業能力	5. Identify principal and capacity
6. 完整詳實的精算意見內容	6. Disclose sources of compensation
7. 溝通與傳達精算意見	7. Conflict of Interest
8. 迴避利益衝突	8. Control of Works (not misleading)
9. 揭漏報酬來源與計算方式	9. Confidentiality
10. 保密義務	10. Courtesy and Cooperation
11. 會員相互尊重與配合	11. Advertising
12. 使用精算職稱	12. Titles and Designation
13. 對其他相關業務提供服務需求之配合	13. Fail to report violation
14. 請求諮詢與維護紀律	14. Respond to the ABCD
15. 準則訂定與修改	

Precept 1: Professional Integrity

An actuary shall act honestly and in a manner to uphold the reputation of the actuarial profession and the fulfill the professional responsibility to the public.

- Perform services with skill and care
- Don't do anything illegal, or that would hurt our reputation
 - Includes using third party relationships to engage in improper activity

“Integrity without knowledge is weak and useless, and knowledge without integrity is dangerous and dreadful ”

– Samuel Johnson

Precept 2: Qualification Standards

- You must make sure you're qualified
 - Basic education
 - Experience
 - Continuing education
- You must be qualified even if qualification standards for a particular assignment do not exist

Precept 3: Standards of Practice

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

Precepts 4, 5 and 6: Communications and Disclosure

- Actuarial communications must:
 - Be clear and appropriate
 - Identify the responsible actuary
 - Indicate who can provide supplementary information
 - Identify the Principal
- You must disclose sources of material 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

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

- Don't disclose confidential information
 - Unless authorized to do so by Principal
 - Unless required by Law



Precept 10: Courtesy and Cooperation

- Discussion with others should be conducted objectively and with courtesy and respect
 - Differences of opinion are ok
- Cooperate with others in the Principal's interest
 - You can work for a Principal even if another actuary is already doing so
 - You can (should) consult with the prior actuary, but only with consent of the Principal
 - It's ok to give an alternative opinion to a Principal
 - And if you are the prior actuary, you should cooperate with the new actuary

Precept 11: Advertising

- Don't use false or misleading advertisement for Actuarial Services
 - Includes all media trying to influence any person or organization



Precept 12: Titles and Designations

- Your title and designation should be only used in a way that is authorized by the organization
 - “Title” means from an actuarial organization
 - “Designation” refers to a specific membership status within an actuarial organization

Precept 13: Violations of the Code

- 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
- Actuaries often find it uncomfortable to comply with this rule, why it's important:
 - Self-regulation of a profession, a few bad apples can ruin its reputation
 - Examples: exaggeration in resumes, differences in professional judgement

Precept 14: Violations of the Code

- 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



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Consequence of Non-Compliance

There are two bodies of possible actions for non-compliance:

- Court: You may face legal challenges, most likely malpractice lawsuit or insolvency of an insurer
- Actuarial Board of Counseling and Discipline (i.e. ABCD) : ABCD will provide requests for guidance from members and handle complains against actuaries from regulators, former clients, fellow actuaries, the insured etc.
 - ABCD does fact finding on confidential basis and gets back to organization for suitable actions.
- Code should be viewed as badge of honor for the importance of our work and standards as guidelines for practicing to the highest possible level.

Top 10 Ways To Immunize Your Professionalism – A Preventive Care

**Source of Information: Contingencies, May/June 2006,
Actuarial Board for Counseling and Discipline**

Top 10 Ways to Immunize Your Professionalism (1)

- **10 Volunteer Your Time**
 - Gain a perspective on the relative (un)importance of yourself and your work
 - Gain an opportunity to develop judgement and to help maintain balance in life
- **9 Influence Your Coworker**
 - Knowing where your coworkers stand can be critical in successfully handling an ethical dilemma
 - Establish yourself as an upstanding ethical person
- **8 Maintain a Sense of Independence**
 - Foster a positive working relationships while maintain your ability to think and act independently

Top 10 Ways to Immunize Your Professionalism (2)

- **7 Take Advantage of Continuing Education**
 - Network with colleagues and ask questions
 - It's very helpful to get perspectives from outsiders
- **6 Learn to Say “No”**
 - Ask for more information and time before making commitment
 - Don't compromise your professional standard
- **5 Create Records**
 - Writing a memo or an email to your boss or client can serve as a documentation
 - It can be a life saver if a question arises later

Top 10 Ways to Immunize Your Professionalism (3)

- **4 Talk with Others**

- We have blind spots when facing difficult matters related to ourselves
- Discuss issues with people you respect, ABCD can help as well

- **3 Under-Promise; Deliver Results**

- Have a contingency margin in your deadline
- Review your work for any problems before distributing it widely

- **2 Expect Your Company to be Upstanding**

- Work for company which also cares for customers and the wider communities

Top 10 Ways to Immunize Your Professionalism (4)

- **1 Start by Asking Why**

- Ask why if you are asked a question, then ask more questions
- Information is the critical element in what we do

Professionalism
is not an option, it is a must

The expectation of our employees and consultants in this regard is simple:
exude professionalism in all that you do.



It's not the job you do, it's how you do the job.

Changes to the IFOA's Actuaries' Code



Institute
and Faculty
of Actuaries

Principles of the existing Actuaries' Code

- **Integrity:** members will act honestly and with the highest standards of integrity
- **Competence and Care:** members will perform their professional duties competently and with care
- **Impartiality:** members will not allow bias, [conflicts of interest](#), or the undue influence of others to override their professional judgement
- **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
- **Communication:** members will communicate effectively and meet all applicable reporting standards.

Changes to Existing Code

<https://youtu.be/So7iXxfObSs>

Professionalism

Summary

Summary

The Behaviors of **PROFESSIONALISM**



Professionalism fosters respect and trust among students, faculty and staff, and includes willing compliance with the highest ethical standards.



“It takes 20 years to build a reputation
and 5 minutes to ruin it. If you think
about that. You will do things differently”
- Warren Buffett

Questions?



Thank you for
your patience