



QUANTIFYING RISK, ENABLING OPPORTUNITY

Professionalism and Ethical Behavior

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Date: May 2018

Background to the discussions

- PMB encourages members of the Society to discuss matters of professionalism whether formally or informally
- The formal sessions at Conventions and Conferences are aimed at enabling the discussions to take place
- Members are encouraged to discuss their view and contributions with the group around them.
- Some issues may be controversial with no right answer, but worthy of the attention of members
- Imagine a local press release like this

ABCD Actuaries top exec suspended as new scandal threatens to engulf the actuarial services firm

By PQR Surname, Business Times

- The current head of ABCD's largest business unit has been suspended.
- Mr XYZ Surname was the senior actuary and partner on the account of MNO Life Assurance Company, which has been placed under curatorship.
- Some R900m of the Life Assurance Company's reported assets of R3 billion cannot be confirmed.
- There are suspicions that the liabilities of the Life Assurance Company may also have been understated to match the under-reported assets.



ABCD has suspended the head of its largest business unit, who was the senior actuary on the MNO Life account.

MNO Life itself is not new to controversy, after its disastrous association with the Gunna family, who are alleged to be involved in what has come to be called “State capture”.

Agenda

Introductory discussion of Professionalism and Ethical Behavior

Video Case Study (Courtesy of the Institute and Faculty of Actuaries)

Second Case Study Discussion

Sharing learnings from the day's discussions

Closure of Discussion

Professionalism

Refers to the conduct, aims, or qualities that characterize a profession

The principles of professional conduct per ASSA Code include:

Knowledge and expertise:

A member shall perform only those professional services for which the member is competent and appropriately experienced.

Values and behaviour:

A member shall act honestly, with integrity, competence and due care, and in a manner that fulfils the profession's responsibility to the public.

Professional accountability:

A member is subject to the professional requirements and oversight of the Society, and shall do nothing that brings the actuarial profession into disrepute.

Ethical Behavior and Professional Conduct

- Ethical behaviour is an integral part of Professionalism
- Ethical behaviour is detailed in Paragraphs 2-22 of the Code, set out as VALUES AND ETHICAL BEHAVIOUR required of member of the profession.
- Checks and balances: paragraph 21-22 on reporting by peers to ASSA

Ethical Behavior

- But, can ethical behaviour be taught?
- Debate exists whether ethical behaviour can be taught (*by the professional organisation*) in the same way as professional field-specific competencies and codes of conduct.
- Even if not taught, members can be guided to check themselves whenever they make decisions or take actions

Tests: Is it ethical?

- The Golden Rule Test: Would I want people to do this to me?
- The Truth Test: Does this action represent the whole truth and nothing but the truth?
- The What-If-Everybody-Did-This Test: Would I want everyone to do this (lie, cheat, steal, etc.)? Would I want to live in that kind of world?
- The Conscience Test: Does this go against my conscience? Will I feel guilty afterwards?
- The Consequences Test: Might this action have bad consequences, such as damage to relationships or loss of self-respect, now or in the future? Might I come to regret doing this?
- The Front Page Test: How would I feel if my action were reported on the front page of my hometown paper?

Adapted from Dr. Tom Lickona, Character Matters (www.Amazon.com)

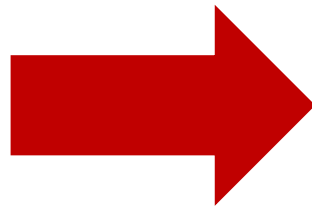
Tests: Is it ethical? - *Additional*

- *ASSA Code Test: What does the Professional Code of Conduct say about what I am or about to do? Would a peer member of ASSA find reason to talk to me about this and ultimately report it to ASSA?*
- *The Police Test: Would I be legally charged or arrested for doing this?*

IFoA Case study: Rock solid - Introduction

- Paul is an actuary in his late 40s. He is seen as a rising star in his company – Rock Solid Life.
- He is now the senior manager of the team.
- Paul is worried about his firm's capital modelling, but he seems to be the only person who is at all concerned.
- Sam, his wife, is not an actuary.
- Rich, his friend, is an actuary.

IFoA Case study: Rock solid - Video



IFoA Case study: Rock solid - Discussion

- Should Paul continue to ask questions or let it drop?
- How could Paul find out more about the model?
- How could Paul assure himself that the model is robust?
- Has Paul taken on a role that he isn't prepared for?
- What ethical and professionalism issues arise in this instance?

IFoA Case study: Rock solid – Closing comment

- Some principles from Codes of Professional Conduct likely to be considered and relevant here include:
 - members will show respect for others in the way they conduct themselves in their professional lives – Differences of opinion among members must be conducted objectively and with courtesy and respect.
 - members will consider whether advice from other professionals is necessary to assure the relevance and quality of their work;
 - members will not allow the undue influence of others to override their professional judgement;
 - members will speak up if they believe that a course of action is unlawful, unethical or improper.

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Case study 2: Ethics and Professionalism issues raised by recent events involving professionals and professional firms in South Africa - Discussion

- What Professionalism and ethical questions that have been raised in South Africa in recent months and years?
- What do you think could have gone wrong, if any?
- What can the Actuarial Profession do to ensure the profession does suffer reputational damage?
- Is adherence to the Code of Professional Conduct enough?

Learnings from discussions of the day

- What thoughts or insights did you have today about ethics and professionalism that you're happy to share and assist the rest of us?

Closure of the discussion

- Professionalism is what characterizes a profession and its members
- Ethical behaviour is an integral part of professionalism
- The ASSA Code of Professional Conduct covers the detail, and members should comply
- There are simple tests that may be used to test if actions are ethical
- Recent events involving professionals are enough reason for the profession to encourage members to look closer at ethical behaviour and Conduct within the profession.



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THANK YOU