

Ethical Practice

Ethics in Our Work and Profession

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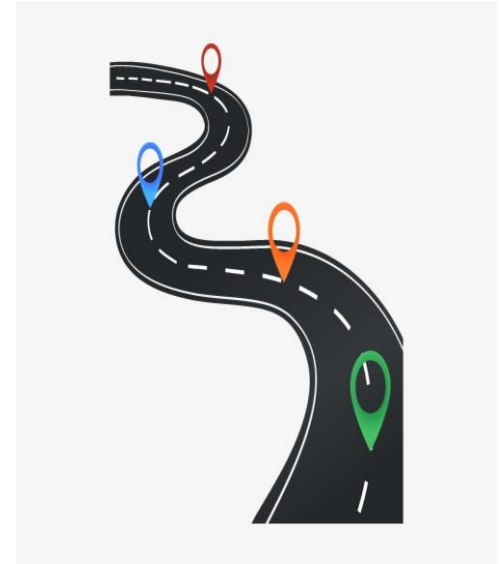
Disclaimer

My statements and opinions are my own and do not necessarily represent the opinions of the American Academy of Actuaries or my employer, Cheiron.

I am also not an expert in ethics; my presentation is based on what I have learned and experienced in my career.

My Journey

- Joint Committee on the Code of Professional Conduct
- Enrolled Actuary continuing ed requirement change in 2011
- Council on Professionalism of the Academy



What Does Ethics Mean?

- Are you ethical?
- How ethical?
- How do you know?
- What do you do that demonstrates if you are ethical or not?
- Why do we need to be educated about ethical behavior?



Where Are You on a Scale of 1-10?

If 10 is absolutely ethical in everything you do and 1 is unethical in everything you do, where do you fall?



Consider This

Ethics is about the decisions/choices
we make
and
how we rationalize them

Code of Professional Conduct

14 Precepts

No mention of ethics, ethical standards, or specific label of ethical behavior in any of the Precepts

Code of Professional Conduct

Under the Code, “Purpose” in the 2nd paragraph:

*“The Precepts of the Code identify the professional and **ethical standards** with which an actuary must comply in order to fulfill the Actuary’s responsibility to the public and the actuarial profession.”*

Ethical Standards

What are ethical standards—not defined in the Code or the actuarial standards of practice?

Are the Precepts clearly ethical standards?

“Defined as a set of principles established by the founders of the organization to communicate its underlying moral values.”

Ethical Standards

Moral Values

Ethical Standards Underlying Moral Values

Moral Values—the behavioral practices, goals, and habits which are validated by the society we're part of.

Dependent on social relations built around certain shared principles, belief systems, and ways of life.

Code of Professional Conduct

So the Code provides a framework that can be used as a reference for decision-making processes.

Our ethics is embedded in and governed by our work through the decisions made and reflect society's cultural expectations goals and habits.

Code of Professional Conduct

Do the Code and our decisions pertain strictly to our work, our statements of actuarial opinion?

Precept 1 says *“An Actuary shall act honestly with integrity and competence, and in a manner to fulfill the profession’s responsibility to the public to uphold the reputation of the actuarial profession.”**

Annotation 1-4 says *“An Actuary shall not engage in any professional conduct involving dishonesty, fraud, deceit, or misrepresentation or commit an act that reflects adversely on the actuarial profession.”**

*emphasis added

Decision-Making Process



Rational Decisions Process—
the ability to make a decision
without external influences
or biases.

Can this happen?

What Happens When...

A mistake is made



Stated in a Senate Hearing

“Truth is a second chance”

Responsibility to the Public and Profession

Experience with the
Actuarial Board for
Counseling and Discipline



Case Study

- You're speaking at a conference
- See a colleague
- You're surprised
 - Company policy of one conference/year
 - Colleague attended one last month
 - Notice they are not wearing a name badge



Case Study

- Meeting ends and don't see this person again until evening reception.
 - Now wearing a badge but not with meeting logo
- Approach the colleague and ask what's up



Case Study

- They point out:
 - ▣ Meeting in company's back yard
 - ▣ Helped recruit for meeting
 - ▣ Figured it would be OK

- What do we call this?

Case Study

Rationalizing

Case Study

Ask the following questions:

- ❑ Did you pay for the meeting?
- ❑ Did you get permission to attend and get off work?

Response

- ❑ No, I figured as I help recruit, I spent my time.
- ❑ We are allowed to work remotely so figured I could work during session.
- ❑ I need the continuing ed credits.

Case Study

At best you don't sleep well at conferences

- But now you are struggling with this situation
- And what comes into your mind?



Precept 1 – Is this honest?

Precept 13 – Do I have to do something about it?

Case Study

What's wrong:

1. Attending without paying – you're a speaker and you had to pay, violation of company policy
2. Misrepresentation of continuing ed if working during session instead of listening – double billing “The Firm”

What are you supposed to do?

You have already confronted the colleague, first step in Precept 13.

Case Study

Some one once told you, “Hey, you know the Actuarial Board for Counseling and Discipline (ABCD) was very helpful working out an issue.”

You call and are passed on to one of the ABCD members. You review with them Precept 1 and Precept 13 -- interesting they didn't tell you what to do! However, when done you realize you need to report this person as violating the Code.



Case Study

- ▣ You submit your complaint
- ▣ You learn that the ABCD took up the case and performed an investigation

Case Study

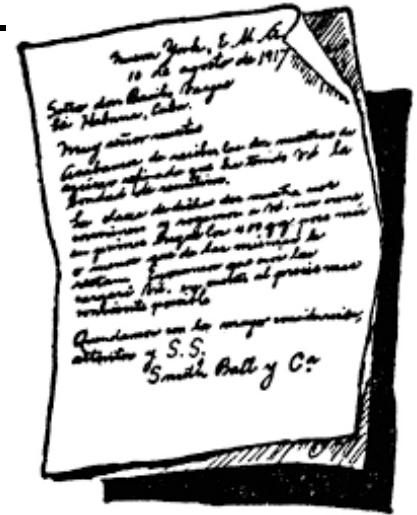
While you don't know what they did, what the investigation might have entailed was:

- Did anyone else see this person at the meeting and in sessions?
- Were they registered and either paid themselves, had the employer pay, or were comped by the conference sponsors?
- They would also call in the colleague and question them.

Case Study

Time passes and you get a correspondence from the ABCD that the case has been reviewed and submitted to the two actuarial organizations your colleague is a member of.

Behind the scenes, one of the organizations chooses to privately discipline the colleague. The other, however, which actually sponsored the meeting, decides to publicly discipline the colleague because they felt it was an important message to members and an obligation to the profession.



Case Study

- Now you're thinking – the colleague may suspect this came from you.
- You also realize that you work on proposals and one of the questions is “Has any one been disciplined in your organization?”
- You can't help but wonder – did you do the right thing?
- You get a call from the CEO and now you are really worried.

Case Study

- The CEO and in-house counsel are in the office when you arrive.
- The CEO asks if you attended this meeting and witnessed this.
- You say yes.



Case Study

- ❑ Did you submit the compliant?
- ❑ And while your submission was confidential, and you don't have to admit it to the CEO, you say yes.
- ❑ Why didn't you come to us first? We could have dealt with this -- now we have to disclose this any time the question comes up on a proposal request -- and one of our employees is now publicly disciplined.

Case Study

You are not feeling good about this at all. Then the in-house counsel asks to speak and says:

“Years ago, I was on the Bar review board and they relied on people like you to help identify attorneys who were violating our ethics standards. It is essential that any profession have a discipline procedure to ensure for the public that we monitor our members behavior to protect the profession, retain our ability to self-regulate and ensure retaining the public’s trust. If we don’t do that we don’t have a profession – so while you could have told us first you are not at fault, the colleague is and you did the right thing. Thank you.”

Case Study

So thank you!



Discussion?

Academy Resources

Professionalism Resources

- Academy Professionalism webpage

www.actuary.org/content/professionalism

- * Code of Professional Conduct

- * U.S. Qualification Standards

- * Standards of practice (ASB)

- * Applicability Guidelines

- * Discussion papers

- * Webinars

- * Recent Articles

- Academy's Professionalism First webpage

professionalism.actuary.org

- * Access "Professionalism Perspectives" blog and Academy's podcast series, "Actuary Voices"

Academy Podcast

- Series brings thoughtful conversations on the role of professionalism in our day jobs and the Academy's public policy work.
- Listen and subscribe at <https://www.professionalism.actuary.org/actuaryvoices> or via the below podcast feeds.

