



## CODE OF CONDUCT

### APPLICATION

All members

### FIRST ISSUED

November 1976

### LATEST REVISION

December 1995

### GENERAL

1. The Institute of Actuaries of Australia is a professional body which, through its members, has an obligation in the public interest to provide the best possible service and advice. In order to achieve this it is essential that the highest standards of conduct are maintained by all members of the Institute when they give advice of a professional nature.
2. Professional conduct involves the member's own sense of integrity in relationships not only with those to whom professional services are rendered but also with other members of the profession and with the public. In all these relationships each member must be concerned with his or her own personal conduct as well as that of his or her colleagues.
3. Members must realise that even when they are not practising in an actuarial field the public may judge them as if they were providing professional actuarial advice. Members should appreciate that when making such judgement, the public will not know when a member is acting as a Fellow or Accredited Member (referred to as an "actuary" in this Code) and when the member is not.

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4. Although the professional conduct of each actuary is the responsibility of that actuary, a special responsibility rests with the Senior Actuary in any firm to take all reasonable steps to ensure that professional colleagues and the firm act in accordance with the principles set out in this Code.
  5. Members must all times deal courteously with their employer or client when acting in a professional capacity. All members, in whatever field they practise, must act with honesty and in a manner to maintain the dignity and reputation of the profession and to fulfil its responsibility to the public. Experienced actuaries have a duty at all times to guide less experienced members in the application of this Code in their dealings with the public and with other members of the profession.
  6. This Code sets out the main principles to which the Institute expects all members to conform. The Institute will from time to time issue standards, in the form of Professional Standards, Guidance Notes, and Mandatory Guidance Notes, to illustrate the application of these principles to particular situations. The Institute relies on the conscience of each member and the collective conscience of the whole membership to ensure that the principles are applied effectively.

It should also be noted that Article 63 of the Institute's Articles of Association refers to any conduct likely to bring discredit upon the Institute or the profession of actuary and this could clearly involve conduct other than conduct specifically covered in the Code.

7. A member who is in doubt as to the attitude which should be adopted or the steps which should be taken in a particular case or who would like the advice of experienced actuaries in regard to any matter of conduct, should formally communicate with the President. The President will then advise the member of an appropriate experienced actuary or actuaries with whom the member should confer. The President and actuary/ies offering such advice must keep in contact with the member until the member considers that advice is no longer required.

Members may, without first approaching the President, obtain advice from one or more experienced actuaries on an informal basis. Experienced actuaries must, where appropriate, provide advice and must keep in contact with the member until the member considers that advice is no longer required.

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8. Where a member formally seeks advice from the President under Section 7, takes that advice, and is subsequently challenged, the Council of the Institute is obliged to offer further assistance in an appropriate manner. Such assistance can take many forms, ranging from an offer to arrange for further advice to the issuing of official statements.
  9. Members must recognise that there is room for honest differences of opinion on many professional matters. Where such differences occur, a member must avoid unjustifiable or improper criticism or malicious injury to the reputation of another member.
  10. A member who believes that there has been a breach of this Code must bring the matter to the attention of the President. Such alleged breaches will be dealt with in accordance with the Articles of Association.

## **ACTUARIAL ADVICE**

11. Actuarial advice is advice given by an actuary in areas of work in which actuaries are commonly understood to have expertise and which is relied upon by an employer or client because it is based on the training and experience of an actuary.

A member who is not an actuary must not perform work associated with actuarial advice if the member is aware that the work or the actuarial advice contravenes any section of the Code or any standard or guidance note.

12. All actuarial advice must be, and be seen to be, the responsibility of one or more individual actuaries, except where the advice relies upon the advice of an expert for which responsibility is not or cannot be taken, in which case the report must give details of the advice received, name the expert and where appropriate attach the advice received.

Where the actuary/ies assume responsibility for the advice they have received from an expert no mention need be made of the advice received.

13. Actuaries who provide any person or organisation with actuarial advice must disclose to that person or organisation the capacity in which they are acting in so doing.

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14. All actuarial advice must be unbiased. If there are any constraints on the independence of the advice, the nature of those constraints must be disclosed to the employer or client to whom that advice is given.
  15. If there is reason to believe that an actuary's advice will be transmitted in whole or in part to a third party, the actuary must take all reasonable steps to ensure that authorship and responsibility are acknowledged to the third party, that any significant implications of the advice are stated, that the advice is not presented in a way likely to give a misleading impression, and that any constraints on the actuary's independence are disclosed.
  16. An actuary must have proper regard for the trust which is implicit in the relationship between the actuary and the employer or client. The actuary must be, and be seen to be, in a position to ensure that the information used and advice given remains confidential and that the employer or client is made aware if this is not the case.
  17. An actuary must not provide actuarial advice to any person or organisation when the actuary has reason to believe this advice may be used to evade the law or in a manner that is contrary to the public interest or the interest of the profession.
  18. Many problems submitted to an actuary in a professional capacity arise in fields of work which are well established and which have been in existence for a number of years. An actuary with insufficient practical experience in relation to such a problem must not act except in co-operation with, or with the guidance of, an experienced actuary.
  19. Some problems arise in areas of work that are new. Even though an actuary may not have practical experience in such an area, the actuary may give advice if he or she has reasonable grounds for considering that he or she is competent to do so.
  20. In any situation where an actuary has, might have, or might be thought to have a conflict of interest, the actuary must not act unless there has been a full disclosure of the situation to all parties involved and the parties have expressly agreed to the actuary acting. Even then, before acting the actuary must give careful consideration to the interpretation that third parties can make of this action.

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21. If an actuary does not wish to conform to a Mandatory Guidance Note, then that actuary must decline to provide advice in that area.
  22. An actuary must disclose to a client and obtain the client's consent to any direct or indirect compensation that the actuary, a firm of which the actuary is a partner, the actuary's employer, or any other party related to the actuary, may receive from any source other than the client as a consequence of the actuary giving actuarial advice to that client.

## **CONTENTS OF REPORTS**

23. When providing actuarial advice in an area which is the subject of a Professional Standard, Guidance Note, or Mandatory Guidance Note published by the Institute, any report which is the responsibility of an actuary must state that the report has complied with the particular standard. In the event of departures from Professional Standards and Guidance Notes (other than Mandatory Guidance Notes), the report must state the extent to which the report does not comply and provide a justification for the departures.
24. An actuary is expected to include in any report a statement indicating to whom the report is addressed, a statement describing or clearly identifying the data and the actuarial methods and assumptions employed, and a statement drawing attention to any important implications of those methods.
25. Actuaries should exercise their best judgement to ensure that any advice provided is based on sufficient and reliable data, on adequate and appropriate assumptions, and on sound actuarial principles.
26. If, nevertheless, an actuary carries out a study which in the actuary's opinion deviates from the requirements of Section 25, any resulting report, recommendation or certificate submitted by the actuary must include an appropriate qualification.

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## **PUBLICITY**

27. Publicity which increases public awareness of the nature and training of actuaries and the value and scope of the work that they can perform is desirable and in the public interest.
28. Actuaries are permitted to advertise or obtain publicity for their services provided that the content and nature of such advertising or publicity is not false, misleading, or deceptive, or in any way reflects adversely on the profession.
29. A member may not use a title dependent on elective or appointive qualification within the Institute, such as "President" or "Member of Council", to promote or to advertise actuarial or other services for the commercial advantage of the member or the member's firm.

## **ACTUARIAL FIRMS**

30. An actuary must not provide actuarial advice for or on behalf of a firm which describes itself in such terms as "Consulting Actuaries" or "Actuaries" unless the firm satisfies Council that its Australian operation acts in accordance with the principles set out in this Code and is predominantly under the control of actuaries who are working for it on a full time or close to full time basis.

## **END OF CODE OF CONDUCT**