

## INSTITUTE OF ACTUARIES OF AUSTRALIA

### **Note to members concerning potential conflicts between a member's duties under the Rules of the Institute, and employment or retainer agreements**

On 11 February 2005, the Institute issued a note to members concerning potential conflicts between a member's duties under the Code of Conduct and employment or retainer agreements.

Since issuing that note, the Institute has finalised its review of the Code of Conduct, and the Institute's Code of Professional Conduct has been issued and is effective from 1 March 2006. The Institute is also undertaking a review of all Professional Standards in accordance with the Policy for Drafting Professional Standards. All Professional Standards drafted and issued in accordance with this Policy are, as applicable to specific work of a member, mandatory.

"The Rules" of the Institute collectively refer to the Institute's Constitution, the Code of Professional Conduct, Professional Standards and other rules published by the Institute from time to time.

A member must not enter into an employment or retainer agreement or continue under the operation of such agreement, if the member is aware that the agreement conflicts with, or seeks (either explicitly or implicitly) to override the obligation of a member to act in accordance with the Rules. In this regard, members are reminded that Professional Standards (as drafted in accordance with the Policy for Drafting Professional Standards) now require that if a Member finds that he or she cannot carry out work in a manner that complies with the applicable Professional Standard, he or she must decline to carry out the work, or terminate their agreement to do so.

However, for their own protection, members need to be mindful of the specific terms of employment or retainer agreements and should consider whether the inclusion of a clause to deal with potential conflicts is appropriate in such an agreement. The following is an example of a clause which could be included in an employment or retainer agreement.

*"[Insert name of member of Institute] is a member of the Institute of Actuaries of Australia. [Name] is bound by the Institute's Constitution, the Code of Professional Conduct, and, depending on the nature of the work, may be bound by Professional Standards of the Institute or other rules published by the Institute from time to time (collectively called "the Rules"). This agreement and all work carried out by [name] pursuant to this agreement are at all times subject to the Rules."*

Martin Stevenson  
President  
June 2006