



Institute
and Faculty
of Actuaries

The Actuaries' Code

Guidance to support the principles and
amplifications in the Actuaries' Code

by the Regulatory Board

NOT YET IN FORCE

www.actuaries.org.uk

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This Guide imposes no new obligations upon Members or their employers. Rather the Institute and Faculty of Actuaries ("the IFoA") hopes that the Guide will be a useful tool for its Members.

This Guide does not constitute legal advice, nor does it necessarily provide a defence to allegations of Misconduct. While care has been taken to ensure that it is accurate, up to date and useful, the IFoA will not accept any legal liability in relation to its contents.

1. Introduction

- 1.1 The Institute and Faculty of Actuaries (IFoA) is responsible for the regulation of the actuarial profession in the public interest. As part of its regulatory function, it also sets and maintains a framework of standards for its Members. Members of the IFoA must comply with those standards as a condition of membership.
- 1.2 Central to the IFoA's framework of standards is its overarching ethical code, known as the Actuaries' Code (the Code), which was first published in 2009. The framework also contains Actuarial Profession Standards (APSSs), which apply specific requirements to Members, building on the principles of the Code, as well as non-mandatory guidance and resource material designed to assist Members in meeting their professional obligations. For Members carrying out UK work, there are also Technical Actuarial Standards (TASs) set by the UK's Financial Reporting Council (FRC) and enforced by the IFoA.
- 1.3 This Guidance is issued by the Regulation Board of the IFoA. Its purpose is to aid Members' understanding of the requirements of the Code and help them meet their ethical and professional responsibilities under it.
- 1.4 The Guidance contains information about each of the six principles contained within the Code, as well as its application, scope, and status and purpose. Separate, more detailed guidance also exists on a number of specific topics that are strongly connected with the requirements of the Code, for example on Conflicts of Interest. The IFoA's full suite of non-mandatory guidance can be found on the IFoA's website.
- 1.5 Each of the principles contained within the Code is accorded equal importance. The length and/or level of detail of the guidance provided for each of the principles does not, therefore, mean that any one principle is more or less important than another.
- 1.6 It is hoped that this Guidance will be a useful tool for Members who find themselves facing ethical issues and are considering how to handle them appropriately and professionally. It is not prescriptive in relation to how Members should apply the Code, but rather aims to help Members to use their own judgement in determining how to comply with the Code's provisions. The Guidance is only an indicator of relevant considerations and therefore a departure from the approach suggested may in some circumstances be appropriate, provided the conduct is reasonable and the Member is able to explain and justify the approach they have taken.
- 1.7 It is anticipated that this Guidance will be used mainly by Members. However, it also contains information that may be useful for people who work with actuaries (including employers of Members). Separate guides also exist for employers of Members on particular topics, including Conflicts of Interest.
- 1.8 Given the variety of matters which are covered in this Guidance, and given that it is designed to be useful for Members in all practice areas, the Guidance is, of necessity, intentionally broad and is not restricted to any one practice area. Members are encouraged to consider how the general principles discussed in this Guidance might be applied to issues arising in their particular areas of practice since the issues and application will vary between areas.
- 1.9 Please note, the term "you" is used throughout this Guidance to refer to Members.
- 1.10 This Guidance is non-mandatory; it imposes no obligation upon Members over and above those embodied in the Code or APSSs.
- 1.11 This Guidance does not constitute legal advice. While care has been taken to ensure that it is accurate, up to date and useful, the IFoA will not accept any legal liability in relation to its content.
- 1.12 Non-compliance with the Code may indicate that a Member has been involved in misconduct, which can lead to Members becoming liable to disciplinary action. While this Guidance may be referred to and considered in the course of disciplinary proceedings, it will not necessarily provide a defence to allegations of misconduct.

2. The Code – application, scope, and status and purpose

Application

- 2.1 The Code applies to all categories of Members without exception (ie it applies to Students, Student Actuarial Analysts, Certified Actuarial Analysts, Affiliates, Associates, Fellows and Honorary Fellows).
- 2.2 The Code has no geographic restrictions and applies to Members in all locations and in relation to work carried out in respect of any part of the world.
- 2.3 The Code applies regardless of the nature of a Member's client or employer or of their employment status. This means that the Code would apply to an unemployed or retired Member, as well as those on maternity or other parental leave.

Scope

- 2.4 The Code applies at all times to all Members' conduct in relation to an actuarial role. The Code does not define an 'actuarial role', so it is for an individual Member to determine if they are carrying out an actuarial role for these purposes.
- 2.5 The sort of circumstances that point to a role being an 'actuarial role' might include whether Members, users, or the general public could reasonably perceive the role as being actuarial. This is likely to include work for a traditional employer of actuaries (such as a pension scheme or an insurance company) but would also include other instances, including honorary and business roles, where:
- a Member is performing a role that requires, or benefits from, specific actuarial skills, for example, a Member employed (either directly or as an external adviser) by the trustees or sponsor of a pension scheme to assist in the management of the pension scheme, or where a Member is appointed to an honorary role in light of their numerical, analytical and other professional skills;
 - a Member is performing a role in which they have presented themselves as an actuary, for example, by signing off correspondence with the letters 'FIA' or 'FFA' after their name or having been appointed or elected as a result of their IFoA membership; or
 - reliance is placed on a Member's actuarial judgement due to their membership of the IFoA, for example, where a Member is appointed to a governing body by reason of their actuarial experience and expertise and where the use of that experience and actuarial expertise is explicitly relied upon.
- 2.6 The Code also applies to all Members' other conduct if that conduct could reasonably be considered to reflect upon the profession. This means conduct by a Member that may have an impact upon the reputation of the actuarial profession as a whole, even if that conduct occurs outside of a Member's actuarial professional life.
- 2.7 In most cases, it will be clear whether or not a course of conduct is likely to be considered to reflect on the profession. An example of this could be where a Member commits a serious criminal offence^{1,3}
- 2.8 Examples of 'other' conduct might include conduct where a Member is:
- discussing matters outside a professional context, but where their opinion might be given more weight because of their membership of the IFoA or their qualifications;
 - carrying out an honorary, volunteer, or business role such as acting as a trustee, the treasurer, or a board member of a charitable foundation or acting as a Non-Executive Director to the board of an insurance company (Members ought to ensure however that the precise terms of their engagement are clearly set out for these types of roles, as being asked to provide actuarial advice in the course of their appointment may subsequently bring their work into the scope of an 'actuarial role'); or
 - doing something else that has nothing to do with actuarial work as such, but where they are clearly identifiable, or are subsequently identified, as an actuary and an observer might be inclined to take their behaviour as representative of actuaries more generally (for example where a Member is posting comments on social media that are bullying or threatening in circumstances where they have identified

¹ There are specific requirements imposed upon Members in Principle 4 of the Code (Compliance) which require notification to the IFoA of criminal convictions.

themselves as an actuary, or could easily be identified as an actuary).

Status and Purpose

The public interest

- 2.9 The IFoA is incorporated by Royal Charter. Amongst other things, the Charter defines the IFoA's purpose as the regulation of the actuarial profession in the public interest. The IFoA sets appropriate standards, and requires Members to comply with those standards, in order to promote high quality actuarial work and ensure that Members maintain a high standard of professionalism and ethics.
- 2.10 There is no specific obligation imposed upon Members to consider the public interest in respect of the work that they carry out, or in their day-to-day conduct. Rather, by acting in accordance with the standards set by the IFoA, including the Code, Members will be helping the IFoA to ensure that it succeeds in meeting its wider public interest aims.

The structure of the Code

- 2.11 The Code contains six principles, which are shown in italics. Those six principles are supported by 'amplifications' that clarify specific requirements of the principles for some particular issues. Members must comply with both the principles and the amplifications. The amplifications are not intended to be read as exhaustive lists of types of behaviours that fall under the principles themselves; the principles go further than the amplifications that support them. Rather, they are intended to highlight some specific requirements that the IFoA considers particularly important for Members to follow.
- 2.12 The Code uses the words 'must' and 'should' to clarify the level of obligation in relation to each of the provisions in the Code. The word "must" denotes a mandatory requirement, whereas the word "should" is used in the Code to indicate that, while there is a general presumption that Members will comply with the provision in question, there will be situations in which non-compliance with one or more of the requirements within the Code may be justified; for example, situations in which a Member is complying with a legal requirement to report which is at odds with amplification 1.2 of the Code, which deals with confidentiality.

Users

- 2.13 The term 'user' is not defined within the Code and is used in a range of different contexts. Members are therefore expected to exercise professional judgement in determining the relevant user for each piece of work, depending on the particular circumstances in which it has been instructed. Members have to take into account the relevant user in considering how each requirement under the Code should be interpreted for that piece of work. The appropriate interpretation of references to "user" in this Guidance and the Code may differ depending on (i) the particular principle or amplification to which is being referred; and (ii) the particular circumstances to which it is being applied.
- 2.14 In determining the user of a piece of work, relevant factors to consider might include (but are not limited to):
- who it is that has instructed the Member to carry out the piece of work and the nature of the instruction;
 - for whom the piece of information or advice is being produced (recognising that this may not always be the same party as the party instructing the work);
 - the scope and purpose of the proposed work; and
 - who is likely to be relying on the piece of work in order to make decisions.
- 2.15 Members are reminded that the use of and reliance on actuarial information or advice is not always confined to those commissioning its preparation; the users of a piece of work may therefore potentially extend to a wide range of groups, for example, insurance policyholders or pension scheme members who are not a Member's direct clients, but are stakeholders in the Member's work.
- 2.16 Often, the ultimate user of a piece of work will be someone other than the person who has instructed the Member to carry it out. Where Members are contributing to a larger piece of work involving other Members or other professionals, they are encouraged, where appropriate, to discuss at an early stage who the user of their work is likely to be.
- 2.17 Members may note that the word 'user' is also used in certain APSs produced by the IFoA, as well as in standards and guidance developed by other actuarial organisations or regulators, for example the FRC in its

TASSs. Where this is the case and the word ‘user’ has been given a specific definition within a particular standard, Members are reminded that this will not necessarily carry the same meaning as ‘user’ within the context of the Code, where the word is given its natural meaning and is intended to be used broadly.

Departures from the Code and Misconduct

- 2.18 The Actuaries’ Code sets out the standards of behaviour that everyone can expect of IFoA members, this includes fellow members, clients, colleagues and the wider public. A failure by a Member to comply with the ethical requirements set out in the Code can, if the behaviour is deemed to amount to ‘Misconduct’, lead to disciplinary action under the IFoA’s Disciplinary Scheme².
- 2.19 Misconduct is defined in the Disciplinary Scheme as any act or omission or series of acts or omissions by a Member, in their professional or non-professional life, which falls significantly short of the standards of behaviour, integrity, competence or professional judgement which other Members or the public might reasonably expect of a Member³.
- 2.20 The definition of Misconduct therefore means that not every breach of the Actuaries’ Code will amount to Misconduct; the conduct must fall significantly short of the standards reasonably expected of a Member in order to constitute Misconduct.
- 2.21 In relation to conduct in a Member’s professional and non-professional life, conduct in non-professional life can only be considered to be Misconduct if it could reasonably be considered to reflect upon the profession. For further information, please refer to sections 2.4 to 2.8 (Scope) of this Guidance.
- 2.22 The IFoA considers allegations that an individual Member (or former Member) is guilty of Misconduct.
- 2.23 The IFoA adopts a focused approach to its consideration of Complaints (as defined in the Disciplinary Scheme) against Members. The Disciplinary Scheme includes a process by which complaints are assessed, using set criteria, to determine whether or not they should be accepted for investigation.
- 2.24 Every Complaint received by the IFoA is first assessed against the criteria set out in the General Disciplinary Regulations. This includes consideration of whether the alleged conduct, if proven, could amount to Misconduct.
- 2.25 Where a Complaint is accepted for investigation, the Complaint will be investigated, considered and determined. This will include determination of whether the alleged conduct is proven; whether the proven conduct amounts to a breach of professional obligations (including the Actuaries’ Code and other professional regulations); and if so, whether the breach amounts to Misconduct.
- 2.26 The final paragraph within the ‘Status and Purpose’ section of the Code reminds Members that nothing in the Code is intended to require them to act in breach of legal requirements. This means that a Member will not be treated as having breached the Code if they are complying with a legal obligation, even where there is an apparent conflict between that legal obligation and any requirement(s) set out in the Code. Section 7 of this Guidance, which provides guidance on the ‘Speaking Up’ Principle, contains some specific examples of when such a conflict might occur.
- 2.27 The reference to ‘legal requirements’ in the final paragraph of the ‘Status and Purpose’ section of the Code is intended to cover requirements imposed by legislation, regulation, or common law. It does not extend to contractual provisions agreed with a user or provisions imposed by a Member’s employer, which seek to prevent the Member from complying with the Code or other legal or regulatory requirements. It is not possible to contract out of complying with the Code and Members will need to bear this in mind when entering into contracts that have provisions relating to confidentiality.

² The FRC also operates a disciplinary scheme for the actuarial profession. The FRC’s Actuarial Scheme undertakes the investigation and prosecution of cases which raise or appear to raise important issues affecting the public interest in the UK.

³ Rule 2.1 of the IFoA Disciplinary Scheme

3. Principle 1 - Integrity

The general principle of integrity

- 3.1 Members are expected to demonstrate high standards of behaviour. This is reflected in the first principle of the Code, which states:

“Members must act honestly and with integrity.”

Acting in an ethical and professional manner

- 3.2 Integrity is generally accepted as a fundamental requirement to act in an ethical and professional manner. If someone has integrity, their actions are consistent with their beliefs, both stated and real. They will not claim to have a certain belief and then act in a way that contradicts this, whether or not they are likely to be caught out.

Being honest and fair

- 3.3 Acting with integrity in a professional setting will generally mean being straightforward and honest in your professional and business relationships and dealing fairly with those around you. This expectation extends to situations in which you are promoting your business services.

Respecting others

- 3.4 The first amplification under the Integrity principle provides that:

- *“Members must show respect for everyone.”.*

- 3.5 The scope of this requirement extends not only to users of actuarial advice, but to anyone with whom Members interact, including colleagues and the general public.
- 3.6 Amongst other things, showing respect includes not deceiving or manipulating other people, not taking credit for others' work, and not spreading false or defamatory information about people.
- 3.7 Often, a lack of respect can be demonstrated by non-verbal communication as much as by a person's choice of words, their tone of voice, or the volume with which they speak.
- 3.8 It may be helpful to consider how you would feel if the behaviour in question were being directed at you instead, while also remembering that the same behaviour may be viewed differently by people with different social or cultural backgrounds.

Voicing opinions

- 3.9 The duty to show respect does not require members to agree with all views, or to withhold opposing opinions. Members may feel quite strongly about the views of another person and that is entirely valid and reasonable.
- 3.10 What this provision does do is impose a requirement on Members to act in a respectful manner, even where they do not agree with the views of another, to show courtesy to others and to engage in any debate in a respectful and professional way. Respectful challenge and constructive comment are to be encouraged both in a professional setting as well as in other contexts.
- 3.11 Nor is the Code intended to impinge upon Members' rights to free speech or to express their religious and political views. Everyone has a right to hold their own beliefs and also a right to express those beliefs, within the limits recognised by law. It is expected however that where disagreements do arise, Members will act with courtesy, recognising the rights of others to hold and express different ideas and opinions from them.
- 3.12 The IFoA promotes diversity, equity and inclusion, and the development of a profession that incorporates people from a range of backgrounds. Members are encouraged to behave in a way that recognises and respects diversity and different cultures.

Duties outside the actuarial profession

- 3.13 The Code applies to all Members' *"other conduct if that conduct could reasonably be considered to reflect upon the profession"*. This means that conduct outside of a Member's actuarial professional life that demonstrates a lack of respect towards others will be caught by the Code, but only to the extent that it may have an impact upon the reputation of the actuarial profession as a whole. In a personal context therefore, not all behaviour that demonstrates a lack of respect will be caught by the Code. Members are expected to use reasonable judgment in determining what behaviour is appropriate. For further information on conduct outside of a Member's professional life, please refer to sections 2.4 to 2.8 (Scope) of this Guidance.

Bullying, victimisation and harassment

- 3.14 The second amplification of the Integrity Principle provides that:

- *"Members must not subject others to bullying, victimisation or harassment"*.

- 3.15 This amplification expands upon the Integrity Principle and the requirement to treat everyone with respect, to set out specific types of behaviour that fall below acceptable standards for members of the profession.
- 3.16 Bullying is generally understood to be behaviour that is offensive, intimidating, malicious or insulting involving the misuse of power (a position of authority or personal strength/ability) that can make a person feel vulnerable, upset, humiliated, undermined or threatened. Often it is a pattern of behaviour but it can be a one-off incident. It can also occur face to face or in emails, phone calls or virtual meetings. Examples of behaviour that might amount to bullying include: persistent inappropriate or derogatory remarks about someone; overbearing or intimidating levels of supervision; making offensive comments about someone in person or by email, text message or on social media; or asking inappropriate intrusive questions.
- 3.17 Victimisation usually describes the act of subjecting a person to detriment because they have done, are suspected of doing, or intend to do, something or because they hold a belief, that someone does not agree with. Examples may include denying someone an opportunity because it is suspected that they intend to make a complaint about harassment, excluding someone from a discussion because they have raised a grievance about bullying, or preventing someone from attending an event because they gave evidence on behalf of another person in relation to harassment.
- 3.18 Harassment is typically unwanted physical, verbal or non-verbal conduct that has the purpose or effect of violating a person's dignity or creating an intimidating, hostile, or humiliating environment for them. Examples may include racist, sexist, homophobic or ageist jokes about someone, or derogatory or stereotypical remarks about a particular ethnic or religious group, religion or belief, or gender; mocking someone's disability; or promoting services in such a way as to intimidate a potential client or employer.
- 3.19 In assessing whether behaviour might amount to bullying, victimisation or harassment, Members are expected to consider not only the behaviour itself, but also how the conduct may affect others. The assessment is an objective one – Members are expected to avoid behaving in such a way that any reasonable Member would judge the behaviour as constituting bullying, victimisation or harassment.
- 3.20 Members should understand that their words and actions, even if directed towards one person, can have an impact on a wider group and Members should recognise their individual responsibility for contributing to the culture within their workplace, organisation and profession.
- 3.21 It is understood that a corporate environment can often be high-pressure and that engaged discussions, challenge and debate are important aspects of a successful business. There will also be the need to have sometimes difficult conversations with colleagues about performance and to provide feedback. However, those can all still take place effectively without descending into behaviour that amounts to bullying, victimisation or harassment. While legitimate, reasonable and constructive criticism of performance on its own will not amount to bullying, victimisation or harassment, members should be conscious of the impact of their behaviour on others and be careful to act in a professional and respectful manner.
- 3.22 This means Members should ensure that their own contributions are focused on relevant professional matters and not made personal. Whilst there are circumstances where it is necessary to speak forcefully, Members

should be conscious of speaking over others, or not allowing them the opportunity to respond. Members should always consider whether, on an objective basis, their behaviour would be considered reasonable.

The duty of confidentiality

3.23 Users and the general public are entitled to expect that sensitive information will not be misused, treated carelessly or, other than in exceptional circumstances, be shared without permission. This is reflected in the third amplification under the Integrity principle which provides that:

- *Members should respect confidentiality.”.*

3.24 Confidential information to which a Member may have access includes personal data about third parties such as insurance policyholders or pensions scheme members. It may also include communications from clients, such as emails, and some commercially sensitive information relating to businesses with which the Member interacts. Sometimes confidential information will not be labelled as such, and Members will need to exercise judgment as to whether there is a reasonable expectation that information should be considered confidential.

3.25 Information which is already lawfully in the public domain is not ordinarily confidential.

When confidential information may rightly be disclosed

3.26 The duty of confidentiality, while important, is not absolute. Information can be disclosed in certain circumstances where disclosure is required by law, or is permitted by law, and can be justified in the public interest. The IFoA recognises that certain situations will arise in which legal or other requirements will override a Member's duty of confidentiality. That is why the specific amplification dealing with confidentiality has been drafted as a 'should' provision, rather than a 'must'. Indeed, the 'Speaking up' principle of the Code may require confidential information to be disclosed under certain circumstances. In such situations Members need to consider carefully the extent, and manner, of disclosure necessary and avoid disclosing more than is necessary to fulfil their obligations.

3.27 A number of statutes empower government and other bodies, for example HM Revenue and Customs in the UK, to require any person to disclose documents and/or information. This might be, for example, in situations where confidential information indicates criminal wrongdoing. In the absence of a user's specific consent, it would be prudent to check under which statutory power the information is being sought and consider the relevant provisions carefully before proceeding with the disclosure.

3.28 Disclosures which are permitted by law, and justified in the public interest, might include situations in which criminal or unethical conduct is indicated, but where there is no legal requirement to disclose, or where disclosure is necessary for the purposes of reporting a serious impropriety to a relevant regulatory body.

Guidance on duty of confidentiality in relation to duty of disclosure and avoidance of conflicts of interest

3.29 Further guidance on the interaction between the duties of confidentiality and disclosure is set out in section 7 of this Guidance. Guidance on the duty of confidentiality, as it relates to conflicts of interest, can be found in section 5 of this Guidance.

3.30 The duty of confidentiality is a difficult area; therefore, you might want to take legal advice on these issues.

4. Principle 2 – Competence and care

The general duty to act with competence and care

- 4.1 Members have a duty to ensure that they are competent to perform services in their area(s) of expertise. This is reflected in the second principle of the Code, which states:

“Members must carry out work competently and with care.”

- 4.2 Due to the specialist nature of the work of actuaries, and the reliance that clients or other users of their work place on the professional status of actuaries, it can be difficult for non-Members to know whether a Member is competent to carry out the work they are performing. This often means placing a great deal of trust in the Member. Thus, a Member who performs a piece of work that he or she is not competent to perform would be failing in an important responsibility and betraying the trust of users and the public.

Attaining professional competence

- 4.3 Professional competence has two stages, the first being the attainment of professional competence, and the second being the maintenance of that professional competence.
- 4.4 The attainment of professional competence will necessarily depend on matters such as educational qualifications, practical training and experience.

Maintaining professional competence

- 4.5 The maintenance of professional competence relies on the Member taking certain steps to ensure they continue to develop their knowledge and skills in order to be able to continue carrying out their work to a satisfactory standard, for example through compliance with Continuing Professional Development (CPD) requirements.

Acting with competence and care

- 4.6 Generally, acting with competence and care will involve such things as:
- ensuring that work is carried out accurately, in line with instructions and to any agreed deadlines;
 - obtaining additional advice or training where a Member considers that it is required;
 - ensuring that adequate time is set aside to carry out a piece of work;
 - keeping users updated on the progress of the work as appropriate, including letting them know when there may be a problem meeting deadlines;
 - ensuring that work has been subject to an appropriate level of review; and
 - communicating to users any limitations in the service that is being provided, as well as whether it is necessary to instruct any other professionals or experts in relation to the piece of work.
- 4.7 Competence can be achieved at any stage of a Member's career. For more experienced Members, acting with competence and care may involve ensuring that work is delegated to appropriately competent and experienced individuals and that the work delegated is ultimately performed to a satisfactory standard. For less experienced Members, acting with competence and care is likely to involve acting under the supervision of another Member who is taking professional responsibility for the work that is being carried out and ensuring that relevant advice and training is sought where they feel they do not have the necessary knowledge and skill to carry out the task being asked of them.
- 4.8 Acting with competence and care does not mean that a Member is prevented from branching out into new areas of practice. Members are encouraged to widen their professional knowledge and develop experience in new fields. In pursuing new areas of work, Members will be expected to ensure that they have the appropriate level of knowledge and training or are acting under the supervision of a suitably experienced individual. The onus is on the individual Member to determine what is appropriate in each case.

Competence and care in non-actuarial roles

- 4.9 Members are also expected to act with competence and care when carrying out non-actuarial roles (for

example honorary, volunteer or business roles), where their conduct could reasonably be considered to reflect on the profession.

Acting with relevant knowledge and skill

4.10 The first amplification under the ‘Competence and Care’ principle provides that:

- *“Members must ensure they have an appropriate level of relevant knowledge and skill to carry out a piece of work.”.*

4.11 This amplification is designed to prevent Members from acting outside the boundaries of their competence. This is because users and the public trust Members to be competent to perform the services they are engaged to perform.

When you do not have an appropriate level of knowledge and skill

4.12 If a Member decides that they do not have an appropriate level of knowledge and skill to carry out a piece of work, they will need to consider whether this can be resolved, for example, by working as a team with a more experienced individual, or by obtaining further training, or whether the most appropriate course of action would be to inform the user that they are unable to take on the piece of work and recommend that the user instructs a more experienced or more suitably qualified person.

4.13 It is important Members are honest with users about the level of expertise and experience that they have.

What constitutes an appropriate level of knowledge and skill?

4.14 What constitutes an “*appropriate level of relevant knowledge and skill*” will depend on the nature and scope of the instruction. An Student Member, for example, would not necessarily be expected to be able to carry out a piece of work that would normally be carried out by a Fellow.

Developing knowledge and skills and compliance with CPD requirements

4.15 The maintenance of professional competence requires a commitment to CPD and an ongoing awareness and understanding of relevant technical, professional and business developments. It is not enough simply to achieve competence and then do no further training. In order to maintain competence, Members are expected to keep abreast of any developments affecting their particular practice area as well as anything which has the potential to directly or indirectly impact the interests of users for which they carry out work. An example of this would be developments in approaches to risk management and application of new modelling techniques.

4.16 Members have a duty to keep their competence up to date through CPD. CPD is learning that is relevant to a Member’s work or role and addresses a personal development need. The IFoA operates a mandatory CPD scheme, and it is the responsibility of individual Members to ensure that they comply with the requirements set by the IFoA. These are a mandatory minimum requirement, and Members are expected to consider whether, in order to carry out their work, they need to undertake additional CPD.

4.17 The CPD that a Member is required to carry out is set out in the IFoA’s CPD Scheme and is dependent on the category of membership held by an individual. It is up to individual Members to take responsibility for ensuring that any CPD undertaken is relevant to the nature of their work and addresses a personal development need.

4.18 Further information about the IFoA’s CPD Scheme can be found on the IFoA’s website.⁵

Ensuring that work is appropriate to the needs and instructions of users

4.19 Amplification 2.3 provides that:

- *“Members must ensure their work is appropriate to the needs and, where applicable, instructions of user(s).”.*

4.20 To be able to meet this requirement, Members are expected, as a starting point, to ensure they have a clear understanding of the scope and intended purpose of the proposed work before taking on an instruction or carrying out a piece of work. This applies regardless of the environment in which Members work. It is as important to have sufficient clarity on the scope of work, whether users are within a Member’s employer

organisation, external clients of a consultancy firm, or other types of user.

Taking reasonable steps to understand user needs

- 4.21 In certain situations, the user's needs may not be apparent. Where this is the case, Members are expected to take reasonable steps to gain an understanding of the user's needs in order to ensure they are able to comply with the requirements in amplification 2.3. Taking reasonable steps in this context may mean speaking to the user directly to determine the purpose of the actuarial services that have been instructed. In situations where it is not appropriate for the Member to contact the user directly, this may involve speaking to a colleague or manager or whoever it is that is ultimately responsible for the piece of work being carried out.
- 4.22 Where a Member is carrying out a piece of work under the instruction of another Member as part of a larger project, they are expected, as appropriate, to discuss at an early stage the scope and intended purpose of the proposed work with that Member to agree who ought to be regarded as the user and ensure they understand how the work to which they are contributing fits into the larger project.

When user instructions do not accord with user needs

- 4.23 In certain situations, a user's instructions might not accord with the user's needs. Members will need to use their judgment in determining whether a user's instructions have the potential to result in adverse consequences for the user, or for others, and communicate any such concerns to the user before deciding whether they are able to accept an instruction. This applies both to actuaries working in a consulting environment with an external client and to those working for a user within their own organisation.

When user instructions conflict with user needs

- 4.24 Members will need to ensure that they do not accept instructions from a user where the instructions are in direct conflict with the user's needs. For example, a Member would be expected to refuse an instruction from a user to dis-apply the requirements of the FRC's TAs to a particular piece of UK work, or an instruction to ignore the requirements of a local financial services regulator. That would also be supported by the Compliance principle under the Code.

Costs

- 4.25 Cost will often be an important issue for users and can often drive the scope of the work actuaries are engaged to perform. In circumstances where cost is a particular issue, this can be addressed by ensuring that the basis of remuneration in respect of the agreed scope of work is agreed with users before commencing an appointment or instruction. This is particularly key when users are charged directly for a piece of work (rather than the work being carried out as part of an employed role). If there is an arrangement for remuneration which is more 'open ended' then keeping users regularly informed as to costs will be important. Open communication with users about the basis for remuneration for professional work is key to ensuring the ongoing trust between the user and the Member.
- 4.26 It is important, however, that issues of cost and a limited budget are not allowed to prevent a Member from complying with the Code's requirements relating to competence and care. Fee structures are not an excuse to provide incomplete or unbalanced advice. Once the scope of work is agreed, a Member must carry it out competently and with care. This may lead to situations where a Member has to refuse to carry out a piece of work, (if they are unable to do so while still complying with the Code).
- 4.27 In addition to agreeing the basis for remuneration with users before commencing an appointment or instruction, it is also important that users are made aware of any issues at the outset which may impact on a Member's ability to deliver the work that they have been instructed to carry out within any agreed timescales. This includes any limitations to the availability or expertise of internal resources (especially where a Member is working in an in-house setting), or any adverse cost implications associated with a piece of work.
- 4.28 Often, during the course of an appointment or instruction, the scope of a piece of work can change; a project might suffer setbacks and be delayed, or additional work might be required that was not originally anticipated. Members are encouraged, therefore, to ensure that any agreements for remuneration are kept under review and that they are prepared to communicate to users at the earliest opportunity any material change to the scope of an existing appointment or instruction.

Obtaining input from other professionals or specialists

- 4.29 From time-to-time Members may need to take advice or seek information from other professionals (both actuaries and non-actuaries) and/or experts who may have particular expertise in an area which might be required for a piece of work, and on which the Member might not be qualified to advise. Members will need to consider whether taking advice is necessary and appropriate; good practice probably entails taking advice when in doubt about this.
- 4.30 In such circumstances, Members might use their actuarial skills to instruct such professionals, either to advise the Member directly or to commission supplementary work that is needed by the ultimate user. In certain situations it may involve the Member advising the user to take separate advice from someone else, independently from the Member.
- 4.31 In such circumstances, care will need to be taken to ensure that the instructions so issued are consistent with the needs of the ultimate user of the advice.
- 4.32 It is expected that users will be made aware when input has been obtained from other professionals and/or experts, including when advice has been received from external actuaries and has been summarised by the Member for the benefit of the user.

NOT YET IN FORCE

5. Principle 3 – Impartiality

The general principle of impartiality

5.1 Principle 3 of the Code provides that:

“Members must ensure that their professional judgement is not compromised, and cannot reasonably be seen to be compromised, by bias, conflict of interest, or the undue influence of others.”

5.2 Impartiality can be described as the principle that decisions ought to be based on objective criteria, rather than on the basis of bias, prejudice, or preferring to benefit one person over another for improper reasons.

Exercising professional judgement

5.3 A Member exercising professional judgement will need to do so, and be seen to do so, in a way which is free from bias (actual or perceived) and that ensures they are able to give advice which is independent of any personal interests or feelings.

Resolve or desist from acting

5.4 From time-to-time, Members may be exposed to situations that risk impairing their objectivity. If the circumstances of an instruction, relationship with a user and/or other factors increase the risk of compromising the impartiality of a Member’s professional judgement over the course of a piece of work, then the Member may be better not to accept the instruction. If, having accepted an instruction, a Member identifies circumstances that compromise, or are seen to compromise, their professional judgement, the Member will need to desist from acting; this may involve explaining the situation to the user and helping them make alternative arrangements.

What would a fair-minded observer think?

5.5 When thinking about impartiality, Members will need to ask themselves whether there is any conflict between the advice which they are giving, or decisions which they are making, and their own personal interests. A good test is to imagine a fair-minded and informed observer: would this person have any reason to suspect that your impartiality might be compromised⁴? If so, action will need to be taken to rectify this.

Ethical bias

5.6 Threats to a Member’s impartiality might include being asked to act in a way that contravenes a Member’s duties under the Code, other professional requirements, or even the law. Members directly employed by an organisation might face particular pressures to carry out work in a way that is favourable to the commercial interests of that organisation and will need to be careful to avoid misleading regulators, boards or other users.

Technical bias

5.7 When considering the potential for bias, Members need be aware that there are many forms of bias, including ethical and technical bias. Some examples of bias might include situations where a technical methodology is selected because the Member is familiar with it, even if others are more appropriate (that is not to say that using a technique that can be applied quickly is necessarily wrong; rather that Members need to be clear about the justification for their chosen approach) or where a Member is reluctant to challenge the work of a colleague who is also friend, even though such a challenge would be appropriate.

5.8 Members can mitigate the risk of acting in a way which is biased by being aware of the potential for bias and taking this into account when making decisions or providing advice to ensure they are acting impartially. Being open to appropriate challenge from others and being willing to change or adapt one’s approach can also help to mitigate the risk of acting in a way which is biased, as it is possible to hold a bias and not even be aware of it.

⁴ This is the test for bias as set out by Lord Hope in *Porter v Magill* [2002] 2 AC 357, which states that: “The question is whether the fair-minded and informed observer, having considered the facts, would conclude that there was a real possibility that the [Tribunal] was biased”.

Institutional bias or Group Think

- 5.9 A further threat to impartiality Members ought to be aware of is the potential influence of ‘Group Think’ in their decision-making. Group Think is defined as *“the tendency for one’s own judgement to be influenced by the apparent consensus view of assumptions, methods, processes or approaches leading to a reduction in the variety of ideas in the market”*⁵.
- 5.10 One of the dangers of Group Think is that it has the potential to result in poor conduct or systematic business failures brought on by working environments in which perspectives are not challenged and people act in the same way as others do without sufficient justification.
- 5.11 Members can address this risk by being aware of their propensity to participate in Group Think in the first place and by being prepared to challenge or speak up where processes or approaches are not appropriate for the work being carried out. When making decisions in relation to a piece of work, Members may wish to ask themselves whether, in following the crowd, they are doing so because it is easier (or they are reluctant to challenge the status quo) or because it is appropriate to the work.

Conflicts of interest

Introduction to conflicts of interest

- 5.12 Because conflicts of interest are a particular threat to the Impartiality principle, the Code has the following amplifications:

- *“Members must take reasonable steps to ensure that they are aware of any relevant interests that might create a conflict.”*
- *“Members must not act where there is an unreconciled conflict of interest.”*

- 5.13 Conflicts of interest can be complex and require use of professional judgement. This section is intended to assist Members with understanding their responsibilities in relation to conflicts of interest and to help with that exercise of professional judgement.
- 5.14 Ensuring that conflicts are (a) understood; (b) identified; and (c) reconciled or eliminated, is the key to meeting the requirements of the Code.
- 5.15 All Members have an individual responsibility to be familiar with their obligation to identify conflicts and to know what to do if they encounter one. This responsibility exists regardless of their particular role in the work or level of seniority, including Students Members, more junior members of an actuarial team and those working as part of a multidisciplinary team.
- 5.16 There may also be practice-specific conflict of interest provisions for Members, such as any contained in the relevant professional standards⁶. Additionally, Members need to have regard to any relevant legal and regulatory requirements in the country in which they are practising⁷.
- 5.17 If Members are unsure how to act at any stage, the IFoA encourages them to seek guidance from appropriate sources. A note regarding further sources of advice can be found at section 9 of this Guidance.

What is a conflict of interest?

- 5.18 ‘Conflicts of interest’ can arise in any situation where two or more separate parties are involved, and the interests of those parties differ. As conflicts can be complex, it is not possible to give an exhaustive list. However, common examples of situations where conflicts of interests can arise are where a Member’s professional responsibility to a user of their work conflicts or is seen to conflict with:

⁵ This is the definition of “Group Think” as set out in [the review by the Joint Forum on Actuarial Regulation’ on Group Think](#). The Review includes guidance for individual actuaries on how to address Group Think.

⁶ Such as those included in [APS P1: Duties and responsibilities of Members Undertaking Work in Relation to Pension Schemes](#). This contains specific requirements for those involved in pensions work in relation to the production of a conflicts of interest management plan and some specific restrictions on the types of advice which may be provided to both the trustees and the sponsoring employer.

⁷ See 6.4 of this Guidance.

- the Member's own interests (or those of close family) ("personal conflict"); or
- an interest of the Member's employer, in situations where the employer is not also the Member's client/user ("employer conflict"); or
- an interest of another client of the Member ("client conflict").

5.19 Taking each of these in turn, some examples could be:

- a Member – or their friends or family – may have a financial interest in the outcome of a transaction that will be influenced by advice being given by the Member. In addition to direct financial interests, relevant considerations may also include personal appointments or memberships or, in some circumstances, ethical values or beliefs, which make it difficult for Members to act, and to be seen to act, in the interests of the user;
- a Member's employer might (even where it is not also the Member's client/user) have a financial or other interest in the outcome of the Member's work. A conflict could therefore arise between their professional judgement in providing advice to a client/user and the commercial objectives of their employer. Members might then be put under pressure, directly or indirectly, by their supervisor or other person within their organisation to act in a way which they would not otherwise judge to be in the interests of a client/user; or
- a situation in which a Member has two separate clients whose interests come into conflict, so that the Member might be tempted to act in the interests of one client, in a manner which works against the interests of the other client or user.

5.20 More examples of situations where there might be a possible conflict of interest are included at [Appendix A](#).

Identifying a conflict of interest

5.21 The effective understanding and identification of conflicts of interest is key to their reconciliation. Amplification 3.1 of the Code provides that Members take reasonable steps to ensure they are aware of any interests that might create a conflict.

5.22 In order to identify conflicts it may be useful for Members to approach this in two steps:

- Establish what various interests are involved in the particular scenario – who do you work for? Who are the users for the piece of work? Do you have a personal interest in the matter? Does anyone else have an interest which I should take into account?
- Assess whether the differing interests of relevant parties involved (including your own interests and those of the person for whom you work) might make it hard for you to continue to act without compromising your objectivity or your professional responsibility to the user (or any of the users) of your work. Are the interests of parties other than the principal user so remote or generic that they will not compromise, or be seen to compromise, your professional judgement?

5.23 When establishing the various interested parties, Members need to be alert to the possibility that within one legal entity there are two separate bodies with divergent interests (for example, a finance committee and a remuneration committee), or one body with two different responsibilities (for example, the sponsoring employer of a pension scheme might also be the trustee or manager of that scheme). In such circumstances, a Member might conclude that there are two distinct users, giving rise to a possible conflict.

5.24 Taking "reasonable steps" to identify potential conflicts would normally involve Members following any internal processes established for this purpose by their own organisation, and might typically include sending out a 'conflict check' email to appropriate staff in the organisation and/or to the relevant conflict committee, and/or a search of the organisation's conflicts database.

5.25 Arrangements implemented by a Member or their organisation for ensuring that conflicts of interest are effectively identified could include:

- regular training to ensure all employees are aware of their duties and can identify conflicts; and
- a practice of recording gifts and hospitality, ensuring that amounts are not out of line with any organisational policy and that the Member does not knowingly receive gifts or hospitality which could lead to an actual or perceived conflict of interest.

5.26 Members are required to “respect confidentiality”⁸. Therefore, before taking on any new engagement, Members are advised to consider whether they have an existing duty of confidentiality to any existing or former users, which would give rise to a conflict of interest with the proposed new engagement.

5.27 A note of some helpful questions for Members to consider when identifying conflicts is included at [Appendix B](#).

Managing and reconciling conflicts of interest

5.28 Once a conflict of interest is identified, amplification 3.2 of the Code states that Members must not act if there is an unreconciled conflict of interest. This means that the conflict needs to be managed appropriately or the Member must decline or cease to act in the specific situation.

5.29 “Reconciliation” can be understood to mean carefully managing the conflict such that, within the scope of an engagement, the conflict does not have (and is not seen to have) any adverse effect on the work for the users.

5.30 It is also necessary that Members are alert to situations where others perceive that there may be a conflict of interest or the possibility of a conflict of interest, even when an actual conflict of interest does not exist. In these situations it is still necessary for the perception of the conflict to be appropriately addressed in order for the Member to continue to act.

5.31 Reconciling a conflict of interest will likely involve disclosing the existence of the conflict of interest to the user(s) concerned and explaining the relevant issues, risks and any constraints on the work in a manner so that the user understands them. However, Members also need to consider any underlying confidentiality obligations to other parties.

5.32 There may be internal guidance in Members’ organisations on how conflicts of interest are to be managed. Members need to satisfy themselves that such guidance is appropriate and sufficient, and if/where necessary supplement it with their own arrangements and tools for managing conflicts. These arrangements and tools may incorporate some or all of the following, taking into account any established market practices for handling such conflicts:

- *Scoping the engagement*

When agreeing the scope of an engagement, Members may wish to define especially clearly any limitations on the extent of their role and the type of advice which they can provide on the engagement.

- *Conflicts management plan*

A written ‘conflicts management plan’ can be shared with (and may be explicitly agreed by) the relevant user(s). Such a plan might typically cover:

- the extent to which information will remain confidential;
- the systems and controls in place to identify and assess potential and actual conflicts of interest; and

the steps taken to reconcile any conflict, and the steps to be taken if the Member cannot continue to act because of an irreconcilable conflict.

- *Separation of teams*

If a Member works within an organisation that has engagements with two users with competing interests, it may be possible to ensure that the users are advised by different teams within the organisation. In some cases, the more ‘mechanical’ work might still be undertaken for both users by a common team.

- *Information barriers*

One option for managing conflicts of interest internally is to establish and maintain arrangements which restrict the flow of sensitive information within the Member’s organisation. Information barriers are administrative, electronic and/or physical barriers to ensure that information used by one part of the organisation is withheld from, or not used by, other parts of the organisation.

- *Work review*

The work review under APS X2 can form an appropriate component of a conflict management policy. Where the work for one user might be seen as potentially creating a conflict with work for another user,

⁸ Amplification 1.2 of the Actuaries’ Code and paragraph 3.9 of this Guidance.

independent peer review of that work can form part of the process for ensuring the transparency and objectivity of a Member's work⁹.

- *Remuneration arrangements*

It is important that Members ensure that they are not incentivised by their employer in a way that might be seen to encourage them to provide anything other than the most suitable and appropriate advice to a user of their work.

- *User consent*

Members may be able to reconcile a potential or perceived conflict by obtaining consent from a user to act or continue to act for another user with conflicting interests. In such cases, the Member will need to consider what will happen if that consent is withdrawn, making it likely that they will have to cease acting for one or both users.

5.33 Where a conflict of interest is identified, Members are encouraged to carefully document the reasoning for their decision to either continue or desist from acting, including the steps that they have taken to reconcile the conflict. Being able to explain and justify the approach they have taken in reaching their decision will assist the Member when being called upon to do so, for example in response to a request from a user or a regulator.

5.34 A note of some helpful questions for Members to consider when managing conflicts is included at Appendix C.

⁹ See Actuarial Professional Standard (APS) X2: Review of Actuarial Work.

6. Principle 4 – Compliance

The general duty to comply with all relevant legal, regulatory and professional requirements

6.1 Principle 4 of the Code provides that:

“Members must comply with all relevant legal, regulatory and professional requirements”.

6.2 This includes any rules governing matters in the area in which a Member is practising, for example, pensions or financial markets legislation, as well as standards imposed by regulators which regulate the Member or their work. It also includes compliance with other relevant legislation, such as equality and diversity legislation applicable to the Member.

Keeping up to date

6.3 To be able to comply with their obligations under the ‘Compliance’ principle, Members need to be aware of, and understand, the relevant laws and regulations which apply to the work they are undertaking, and ensure that they keep abreast of any changes or developments to those laws and regulations.

6.4 It is important to bear in mind that the relevant legal, regulatory and professional requirements will not necessarily always be those that apply in the geographic location where the Member carries out their work. For example, where a Member works remotely but carries out work for an entity in another country. The IFoA’s Actuarial Profession Standard (APS) APS X1: Applying Standards to Actuarial Work, sets out how to determine which standards are applicable to actuarial work. Guidance for Members to assist them in determining which standards to apply is contained in the accompanying guide which can be found on the IFoA’s website.

6.5 As stated earlier in this Guidance, from time-to-time certain situations might arise in which the legal requirements with which a Member is obliged to comply, appear, on the face of it, to be at odds with one or more of the principles of the Code. Where such a situation arises, the Code makes it clear that legal requirements will take precedence and the Member will not be treated as having breached the provisions of the Code if they are complying with an obligation under an applicable law.

The duty to disclose

6.6 The IFoA is committed to maintaining public confidence in the actuarial profession. The amplifications to Principle 4 of the Code require Members to disclose certain matters to the IFoA, which may be relevant to the reputation of the profession and the protection of the public interest.

6.7 Amplification 4.3 provides that:

- *“Members must, as soon as reasonably possible, disclose to the Institute and Faculty of Actuaries any of the following, to which they become subject:*
 - (i) an adverse final determination, judgement or disqualification by a regulatory body acting in the exercise of its statutory or regulatory function;*
 - (ii) a court finding of fraud or dishonesty;*
 - (iii) a conviction of a criminal offence.”*

6.8 The IFoA requires that Members maintain a high standard of professionalism and ethics. The events that require to be reported are *potentially* indicative of a member having failed to maintain the required high standard of professionalism and ethics. As well as threatening the public interest, these events risk the public perception of a Member, and therefore the reputation of the profession. The IFoA requires that these events are reported so that the IFoA can consider whether any action needs to be taken, which may include disciplinary proceedings.

What am I required to disclose?

6.9 As stated in amplification 4.3, Members must disclose certain professional or regulatory findings; certain civil court findings; and certain criminal findings.

- 6.10 The first part of the amplification requires Members to disclose to the IFoA if they become subject to an adverse final determination, judgement or disqualification by a regulatory body acting in the exercise of its statutory or regulatory function. Many Members will be subject to regulation by multiple regulators, sometimes across different jurisdictions. This requirement means that a decision against a Member by a body such as (but not limited to), a financial conduct regulator, a pensions regulator, or a companies registry must be reported to the IFoA.
- 6.11 The requirement is to disclose 'an adverse final determination, judgement or disqualification'. This means that the duty to disclose arises once the regulatory process is complete, and not when an investigation or tribunal is ongoing. There is no duty on Members to disclose a hearing or investigation which results in the acquittal of the Member. However, the duty requires any warning, disciplinary action, or upheld complaint to be disclosed, even where this does not result in penalty or disqualification.
- 6.12 Members may become subject to an adverse professional or regulatory finding in a non-personal capacity. For example, a company of which a Member is a director, a firm of which a Member is a principal, or a trust of which a Member is a trustee may become subject to penalty or regulatory action. In these circumstances, if the Member is in a position of control within that entity, the determination, judgement or disqualification of that entity should be reported to the IFoA, in the same manner as if the Member had been individually responsible.

A court finding of fraud or dishonesty

- 6.13 The second part of the amplification requires Members to disclose to the IFoA if they become subject to a court finding of fraud or dishonesty. A court 'finding' is a decision by any level of public court in any jurisdiction, and includes a decision of a tribunal, or other lower level court. A court finding does not include the decision of an adjudicator or the determination of any other alternative dispute resolution.
- 6.14 The requirement to disclose a court finding of fraud or dishonesty arises from the IFoA's duty to ensure the integrity of the profession and its Members. The requirement includes civil and criminal matters but it only applies to Members where a decision is made against a Member. Any judgement, decree or disposal which finds that the Member has acted fraudulently or dishonestly must be disclosed. This amplification does not include a requirement to report a negative comment made about a Member in their capacity as litigator or witness in a court process.

A conviction of a criminal offence

- 6.15 The third part of the amplification requires Members to disclose to the IFoA a conviction of a criminal offence. This requirement applies to a conviction in any jurisdiction (not just the jurisdiction in which the Member is resident) and applies to a conviction by any level of court.
- 6.16 The requirement to disclose a criminal conviction applies to a Member's professional and personal life, and it is required to ensure that the IFoA is aware of any matter that may cause detriment to the reputation of the profession.
- 6.17 In some jurisdictions, minor criminal offences, such as some road traffic offences, littering, evasion of parking fares, and other minor infringements can be dealt with by police, regulator or government agency without referral to the criminal prosecution system. Typically in those situations, the enforcement body would have the power to dispose of the matter without prosecution by offering the offender an alternative remedy. The alternative remedy may be a warning, penalty or fine, which if accepted by the offender (and assuming any fine is paid timeously) means that no prosecution follows and the matter is not referred to court. The acceptance of an alternative penalty means that no criminal conviction results. Accordingly, these matters do not require to be reported to the IFoA, provided that the alternative penalty is accepted and any resultant fine is paid.
- 6.18 By contrast, a matter which does result in prosecution (even if the Member views it as a minor or traffic related offence) must be disclosed to the IFoA if the Member is found guilty of the offence through a judicial process. A conviction by a court (of any level) requires to be disclosed regardless of the weight or severity of the subsequent punishment for that offence.

- 6.19 The amplification provides that the disclosure should be made 'as soon as reasonably possible'. The duty to disclose does not arise until the final disposal of the matter, after which, the Member is expected to report to the IFoA without delay. Even if a Member realises that they did not report the matter as soon as reasonably possible they should still report the matter at the time of realisation and explain why it was not reported earlier.
- 6.20 Disclosures to the IFoA under Principle 4 should be made by using the self-referral form, which can be found on the [Raising a concern page](#) of the IFoA website.

Consequences of disclosing and not disclosing

- 6.21 The requirements to disclose are mandatory within the Code because the circumstances giving rise to the finding or conviction *may* be relevant to the Member's professionalism. In some circumstances, the finding or conviction will not be materially relevant to the individual's membership of the IFoA. However, this is a matter for the consideration of the Disciplinary Investigations team.
- 6.22 If the IFoA considers that the disclosure is potentially relevant, the Member may become subject to an investigation under the Disciplinary Scheme. The IFoA does not hold a prescribed list of situations which will or will not result in investigation. Each disclosure will be considered on the basis of its own facts.
- 6.23 As the disclosure of the stated events is mandatory, failure to disclose these matters as soon as reasonably possible may amount to a breach of the Code, and may amount to Misconduct. Members who are unsure about whether they must disclose a finding to the IFoA should discuss the matter with the [Disciplinary Investigations Team](#).

7. Principle 5 – Speaking Up

The general duty to speak up

- 7.1 Members have a responsibility to speak up in certain situations. This is reflected in Principle 5 of the Code, which states:

“Members should speak up if they believe, or have reasonable cause to believe, that a course of action is unethical or is unlawful”.

- 7.2 The Code also sets out, in a number of amplifications, some specific requirements relating to speaking up.
- 7.3 These requirements reflect the important role of speaking up by Members.
- 7.4 It is an essential part of being a professional actuary: raising or identifying issues at an early stage can help to address a problem before any harm is caused or to prevent any further damage being caused. Raising an issue as soon as Members are able to ultimately helps to protect the reputation of the actuarial profession, organisations employing actuaries, clients, customers and the wider public.
- 7.5 The particularly technical nature of the work of actuaries means that it will not always be obvious to users when there are issues. Therefore, it is particularly important that other actuaries speak up as there will often be situations where they can identify problems that will not be as apparent to non-actuaries.
- 7.6 The IFoA hopes that this section will be a useful tool for Members if they find themselves in situations where there may be a requirement to speak up.
- 7.7 The information in this section is mainly aimed at Members but may also be helpful to those who employ Members, insofar as it identifies the professional expectations applying to Members. To help those who employ Members, especially those in smaller firms, the IFoA has also produced a specific Guide for employers of actuaries, which includes a sample speaking up policy¹⁰.
- 7.8 If Members are unsure at any stage whether to raise a concern, the IFoA encourages them to seek advice or further guidance from one of the sources listed later in this section.
- 7.9 Issues which may occur to Members who are considering speaking up are addressed at [Appendix D](#).

What is meant by ‘speaking up’?

- 7.10 The requirement under the Code is to ‘speak up’.
- 7.11 In terms of the Code, ‘speaking up’ is not defined. It is intended to be interpreted broadly and to cover different types of reporting or challenging others’ behaviour/approach.
- 7.12 Speaking up can range from challenging a colleague or user by addressing them directly when they appear to be behaving in a way they should not (whether intentionally or not), to highlighting to a colleague, or even user, material issues in a piece of work, to formal or informal reporting to a third party (whether clients, regulators or relevant authorities) about an issue uncovered in a Member’s place of work.
- 7.13 The term ‘whistleblowing’ is often used to describe the act of reporting of wrongdoing to a relevant regulator or other authority, sometimes with legal protection for doing so.
- 7.14 The term ‘speaking up’ for the purposes of the requirements of the Code is intended to cover ‘whistleblowing’ but is not restricted to that sort of activity, it also encompasses a wider range of situations.

What is required of Members?

- 7.15 The IFoA recognises that the requirements around speaking up are not always straightforward and that when a Member is faced with a situation that requires them to speak up in order to comply with the Code, they may not always know who to speak to or when to do it.

¹⁰ <https://www.actuaries.org.uk/upholding-standards/standards-and-guidance/non-mandatory-guidance>

- 7.16 There may also be situations where there are barriers to speaking up, such as situations where it would be a criminal offence to do so.
- 7.17 Members may also be worried about raising such issues, anxious that they may be seen as disloyal and put at risk relationships with colleagues (including, potentially, more senior and influential colleagues), and even their job. They may want to keep the concerns to themselves, perhaps feeling that it's none of their business, or only a suspicion, or that they will be seen as a 'troublemaker' if they raise them. There will, however, still be situations where Members are required speak up even though that may have serious implications for their work life or even their career.
- 7.18 In recognition of those challenges, but also the importance of speaking up for protection of the public interest, the speaking up principle in the Code is a 'should' requirement¹¹.
- 7.19 This means that there is an expectation that Members will speak up but that there is also recognition that there may be circumstances in which non-compliance may be justified. This wording is designed to ensure Members have the necessary flexibility in situations where speaking up might not be the right thing to do.
- 7.20 Some of the amplifications under this principle are, however, 'must' requirements¹² and non-compliance cannot, therefore, be justified in the same way.
- 7.21 In addition to Principle 5, there are also other principles of the Code that may be relevant to issues of speaking up. Those include Principle 1, which requires Members to "*act honestly and with integrity*" and which also has the amplification providing that Members "*should respect confidentiality*"¹³.
- 7.22 The Code also provides in its fourth principle, Compliance that Members must "comply with all relevant legal, regulatory and professional requirements". This may be relevant if there are legal requirements to report on particular matters.

What is an 'unethical' course of action?

- 7.23 An unethical course of action can be described as behaviour that falls outside of what is reasonably considered to be morally right or appropriate for a person, a profession or an industry.
- 7.24 Unethical behaviour can occur in the relationships between a Member and a user, in the way a Member goes about their day to day work, or how they conduct themselves in their private life.
- 7.25 Members are expected to use reasonable judgement in determining what might constitute unethical conduct and whether that conduct should be challenged and/or appropriately be reported to relevant regulators or other authorities.
- 7.26 When determining whether a course of action is unethical, Members may wish to ask themselves the following questions:
- does the conduct violate the principles of the Code? If so, this is an indication that it may be unethical;
 - does the conduct go against company policy or any ethical codes of the organisation by which I am employed?;
 - would a local regulator require this type of behaviour to be disclosed?;
 - what might happen if I don't report the conduct?;
 - will it damage my reputation, my organisation's reputation or the reputation of the profession as a whole in the eyes of the general public if it is not reported to the relevant regulators or other authorities? How would it look for example if it was reported in the media?;
 - what would a trusted colleague say if I asked them for advice? What advice would I give to them if the situation were reversed?
 - is the conduct widely unacceptable socially, commercially or professionally?
- 7.27 It is stressed that these questions are designed to encourage members to think about all of the relevant issues

¹¹ See 2.12 of this Guidance.

¹² See Amplifications 5.2 and 5.4 of the Code.

¹³ See Amplification 1.2 of the Code.

and circumstances that they might take into account in determining whether conduct is unethical.

- 7.28 While the principles of the Code are applied to Members universally, what is viewed as unethical conduct will sometimes depend on particular cultural and geographical circumstances; what is considered unethical in one country or for one culture might not be considered to be unethical in another where commercial and other practices may differ. It does not follow, however, that something will be deemed to be ethical simply because it is widely accepted practice in the country in which a Member works.
- 7.29 If Members think their own judgement might be clouded it can be helpful to try and reassess the situation from a more neutral perspective by seeking advice from a trusted colleague.
- 7.30 Members can also seek advice from their employers' ethics or professionalism committee (if they have one), or contact the IFoA's [Professional and Regulatory Support Helpdesk](#)

Challenging others' non-compliance

- 7.31 Amplification 5.1 provides that:

- *"Members should challenge others on their non-compliance with relevant legal, regulatory and professional requirements".*

- 7.32 Members of the IFoA, in common with other professionals, need to be aware of, and ensure that they comply with, all applicable laws and regulations. This is reflected in the fourth principle of the Code (Compliance). In many jurisdictions there will be legal requirements to report certain breaches of the law and/or regulations to the relevant authorities (including regulators). Members are expected to be aware of such requirements and to comply with them.
- 7.33 Beyond this, however, the Code also provides that they should challenge incidences of non-compliance by others, including non-compliance with professional requirements, as well as legal and regulatory requirements.
- 7.34 This extends not only to incidences of non-compliance by fellow Members but also to non-compliance by clients, employers and other professionals who may be engaging in illegal conduct or breaching regulatory or professional requirements.
- 7.35 This provision imposes a 'should' requirement, which means that non-compliance with the requirement may be justified in exceptional circumstances.

Unfair treatment or unreasonable exclusions

- 7.36 Amplification 5.2 provides that:

- *"Members should speak up if they believe that others are being treated unfairly or excluded unreasonably".*

- 7.37 This provision clarifies that the Speaking Up Principle specifically extends to speaking up when a Member believes that someone is being treated unfairly or that they are being excluded without reasonable justification. This sets an expectation that Members are mindful of how others behave and that they will take steps in certain situations to speak up.
- 7.38 This requirement does not prescribe who Members should speak up to or what form that speaking up will take. Members are expected to act proportionately and exercise their own judgement in determining whether, when and how it is appropriate to Speak Up.
- 7.39 This is a 'should' requirement and reflects that not all Members will be able to Speak Up about these types of behaviours. Speaking Up is not always straightforward and, while Members are expected to speak up in difficult situations, even where that might have implications for them in terms of their work, it is recognised that there might be barriers to Speaking Up, including where it would be a criminal offence to do so. Members are not expected to break the law in order to comply with the Code nor are they expected to speak up in circumstances where there would be a risk to their own safety from doing so.

Reporting Misconduct to the IFoA

7.40 Amplification 5.3 provides a specific requirement that:

- *“Members must report to the Institute and Faculty of Actuaries, as soon as reasonably possible, any matter which appears to constitute Misconduct for the purposes of the Disciplinary Scheme of the Institute and Faculty of Actuaries and/or a material breach of any relevant legal, regulatory or professional requirements by one of its Members.”.*

7.41 Whether or not a breach is material will depend on the particular circumstances of each case. Members will be required to use their judgement in determining whether a breach is material or not. Relevant factors to consider might include:

- the cause of the breach (including whether it was a genuine error, was due to incompetence, or involved a wilful breach of a rule);
- the extent of the breach and whether it can easily be rectified;
- whether the breach was disclosed to the appropriate person(s) at the earliest opportunity (for example to a senior colleague, the user or other affected parties);
- whether the breach is likely to be repeated;
- the consequences of the breach (for example, has it resulted in any financial, reputational or other detriment to a user?);
- any wider implications of the breach (for example, is the breach indicative of wider problems in the Member's work or judgement, is it likely to cause other Members to act in a similar way, or is it likely to bring the actuarial profession into disrepute?).

7.42 If the breach was an isolated incident, was disclosed by the individual who made the breach to the appropriate person(s) (for example a senior colleague or the user) without delay and the Member considers that the breach has not resulted in any discernible adverse consequences, can be easily rectified and is unlikely to be repeated, then they may conclude that the breach was not material. Members are reminded however, that in addition to a single material breach, in certain circumstances a series of immaterial breaches can have the effect of amounting to a material breach. Members are expected to use their judgement in determining whether this is the case with reference to the factors set out in the list above.

7.43 In the majority of cases, Members will be expected to speak to the individual concerned and/or to another colleague before proceeding to report a breach to a regulator or to the IFoA. It is recognised, however, that there may be circumstances where it is appropriate to report without such a discussion having taken place, such as where the circumstances make it difficult to raise it with the individual or with another manager (for example, raising an issue about the competence and care of your senior colleague in a firm where you are the only two actuaries and they are your line manager).

7.44 There may, exceptionally, be circumstances where Members should not flag up the issue to the individual and, in some cases, to the organisation (for example, in cases of money laundering where this would constitute ‘tipping off’ or in situations where raising the issue is likely to lead to the destruction of evidence of a regulatory breach).

7.45 Members are expected to report matters to the IFoA *“as soon as reasonably possible”*. This reflects that there will be certain circumstances in which a delay in reporting can be justified.

7.46 The IFoA will take a reasoned and proportionate approach to what it views as an unreasonable delay in reporting. This will depend on the particular facts and circumstances of each case, including the nature and severity of the breach, as well as the reason for any delay in notifying the IFoA of the relevant issue.

7.47 A delay in reporting an issue might be justified in order to comply with a legal obligation, for example (this might include situations in which a Member is prohibited from reporting an issue in order to comply with money laundering legislation and avoid “tipping off”).

7.48 Where a Member delays in reporting an issue for whatever reason, they may be expected to provide justification for that delay. Where the IFoA considers that there has been an unreasonable delay in reporting, it

may decide to refer a Member for investigation under the IFoA's Disciplinary Scheme.

- 7.49 In circumstances where a breach is discovered but a Member chooses not to report it because they do not consider it to be material, Members will need to be prepared to explain and justify the approach they have taken in reaching that conclusion, if reasonably called upon to do so. This may be in response to a request from a user or a regulator. Members are, therefore, encouraged to document the reasons for their overall approach, including whether they have sought any guidance or advice about whether to report, for example, from a solicitor or their organisation's professionalism committee.

Legal requirements to report to regulators/authorities

- 7.50 Amplification 5.4 provides that:

- *"In addition to complying with any legal requirements to report matters to relevant regulators or other authorities, Members should also report to those bodies any behaviour that they have reasonable cause to believe is unethical or unlawful, and carries significant risk of materially affecting outcomes."*

- 7.51 What this amplification means is that Members are expected to report unethical or unlawful behaviour to the relevant regulators or other authorities (for example, the police) where it is likely have a material effect on an outcome, even where there is no legal requirement to report.
- 7.52 For behaviour to carry significant risk of materially affecting outcomes, it needs to be behaviour that carries more than simply a remote possibility that the user might be impacted in some material way.
- 7.53 Having reasonable cause to believe that something is unethical or unlawful means more than merely having a suspicion that cannot be substantiated. It means holding a rational view that is based on the knowledge of facts which, although not amounting to direct knowledge, would cause a reasonable person, knowing the same facts, to reasonably conclude the same thing.
- 7.54 Where a Member does not know the facts or events surrounding the conduct they are concerned about, it will usually be appropriate to check the relevant facts and obtain supporting material wherever possible before making a report. If the concern, however, is that a fraud or other serious crime has been committed, and discussion with any parties involved might alert those implicated or impede the actions of the police or a regulatory authority, then it will not be appropriate to check the facts with them.

Requirement to take reasonable steps to make users aware of substantial issues with work

- 7.55 Amplification 5.5 provides that:

- *"Members must take reasonable steps to ensure users are aware of any substantial issues with a piece of work for which they are responsible or in which they have had significant involvement, if those issues might reasonably influence the decision-making or judgement of users."*

- 7.56 Issues with a piece of work might involve technical errors, but might also include unethical or unlawful matters, for example the wilful manipulation of models or concealment of information from a user.
- 7.57 Substantial issues might be those which have the potential to impact a user's financial or reputational standing or would under normal circumstances involve a report to a regulator or other relevant authority.
- 7.58 Taking reasonable steps in this context means Members acting as soon as possible to escalate their concerns in a way that they can be confident the user will be made aware of the issue. This might involve notifying the user directly, or, in situations where it may not be practical or appropriate for the Member to contact the user directly themselves, by highlighting the issue to a colleague or manager who is responsible for reporting matters to the user.
- 7.59 A starting point for Members might be to check whether their organisation has in place an internal audit plan or procedures which may set out what is expected of them when an issue is uncovered with a piece of work.
- 7.60 Before taking steps to notify anyone of the issue, Members may want to consider what the most appropriate

method of escalating the issue might be. It would not be appropriate, for example, to 'bury' the notification of a substantial issue within the body of a 20 page report.

- 7.61 Where a Member uncovers a substantial issue, they will need to be able to demonstrate that they took appropriate steps to escalate their concerns to the right person. It is sensible, therefore, to document the nature of the issue including when and where it was uncovered, the rationale for escalating the concern and the specific steps taken to ensure that the user was informed of the issue.
- 7.62 Where a Member uncovers a substantial issue but determines, after careful consideration, that it is unlikely to influence the decision-making or judgement of users, and therefore decides not to take the matter further, it is recommended that they document the reasoning behind their decision.

Other requirements

- 7.63 Certain legal and regulatory provisions place a duty on individuals to make particular disclosures to a third party whilst other provisions are permissive, allowing disclosures to be made in certain circumstances. Where there is a legal duty to disclose, any contractual confidentiality clauses would most probably be overridden. Those involved in the negotiation of such contracts are expected, therefore, to bear this in mind when drafting the contract terms. It is recommended that these duties also be considered when an organisation's standard terms and conditions of business are being reviewed.
- 7.64 It is recommended that Members take independent advice about the legal and regulatory provisions which apply in the country in which they are carrying out a piece of work (and, where they are working remotely, the country in which the piece of work is being delivered)¹⁴.

Situations where the law prevents disclosure

- 7.65 None of the provisions of the Code are intended to require Members to act in a way that is unlawful. That is clarified in the Status and Purpose section of the Code.
- 7.66 This means that where any legal provisions exist in the country in which the Member is working which prohibit disclosure, those legal provisions will override Member's duties under the Code.
- 7.67 An example of situations where disclosure might be prohibited is when a Member making that disclosure risks committing a crime by default, such as where they disclose information which they have come into possession of relating to state security or intelligence matters, or where they alert a person who has engaged in unlawful conduct to the fact that they are under investigation by the relevant authorities.

Some practical considerations and questions for Members

- 7.68 In order to encourage speaking up, the aim of everyone – Members, their clients and employers – should be to promote an open culture, in which all involved feel able to articulate any concern they may have and are not inhibited from, or penalised for, doing so.
- 7.69 Members can help in developing such a culture by:
- ensuring that their clients and/or employer understand the professional and legal obligations on Members, whether through contractual terms or the provision of a separate information note;
 - checking that their firm has a clear policy for staff on speaking up that is effectively promoted and regularly reviewed; and
 - ensuring that their employer's policy on speaking up or whistleblowing is recognised in client contracts.
- 7.70 Against this background, [Appendix E](#) includes some practical questions which Members might ask themselves both (a) before any situation of concern arises and (b) if and when one does.

Making a report to the IFoA

- 7.71 The IFoA will consider allegations that an individual Member (or former Member in relation to their conduct while they were a Member) has been guilty of Misconduct¹⁵. Members can discuss any potential allegation with

¹⁴ For actuaries working in the UK, there are likely to be requirements of this nature that will apply to them.

¹⁵ As defined in Rule 2.1 of the IFoA Disciplinary Scheme.

the Disciplinary Investigation Team of the IFoA but the IFoA cannot give Members advice on whether it is appropriate for them to refer an allegation.

7.72 Included at [Appendix F](#) is more information on the process for raising an allegation.

Sources of guidance and advice

7.73 It is recommended that the first course of action for Members is to check what advice is available within their own firm. Many actuarial firms have speaking up policies in place.

7.74 In addition, the IFoA offers a confidential [Professional and Regulatory Support Helpdesk](#), to assist all Members with professional ethical matters, including speaking up. The service is free to all Members.

7.75 If Members wish to report any concerns, or have any queries on Speaking Up they should contact the IFoA at regulation@actuaries.org.uk.

7.76 A confidential advice line is provided by Protect for the IFoA's UK based Members. All calls are answered by staff experienced in advising on when and how best to raise concerns. The number is +44 (0)800 223 0177.

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8. Principle 6 – Communication

General duty to communicate appropriately

8.1 Principle 6 of the Code provides that:

“Members must communicate appropriately.”.

8.2 Members are expected to present information in a way that is accurate, impartial and in accordance with relevant professional standards¹⁶ so that users who are relying on that information can both understand the context of the information and be clear about the message being conveyed. Communication is, therefore, a key part of a Member’s role. In order for Members to ensure that their communications (both written and oral) are appropriate, understanding the purpose and nature of their instruction is key.

Judging what is appropriate

8.3 Appropriate communication is very often a matter of putting oneself in the place of the intended audience, for example:

- is the communication courteous and professional;
- are recommendations or options to be considered and the implications of each set out clearly;
- is it clear what you are asking of the user where you are requesting something from them;
- will the user be able to navigate easily to the sections that are most relevant to their needs;
- will the user understand the basis on which estimates and calculations have been made, and the appropriate degree of confidence in the results; and
- above all, is the document fit for purpose, and appropriate for the use to which it is to be put?

8.4 Answering these questions requires not just good judgement and a high standard of written communication, but also a degree of imagination and empathy.

Taking responsibility for your work

8.5 Amplification 6.2 requires that Members *“show clearly that they take responsibility for their work”*. It is essential to the trust in which the profession is held that there is clear accountability for any work carried out by Members. It would not be appropriate therefore for communications to users to be presented anonymously, especially where they are likely to influence, or be relied upon by, the user.

8.6 It may sometimes be the case that the person taking ultimate responsibility for work has not themselves carried out the bulk of the work. In cases like this, the person taking responsibility for the work will need to ensure that they have fully understood what has been done and have carried out any relevant checks before signing the work.

8.7 Users are entitled to expect that the Member who has carried out a piece of work is satisfied that the information being provided is suitable and accurate. Members are expected to ensure that they are never knowingly associated with misleading information.

Social and other media

8.8 This section details some of the considerations Members may wish to have in mind when using social media. Much of the guidance would, however, apply equally to Members’ communications using other types of media, for example television or the printed press.

8.9 When used appropriately social media can be an extremely useful tool which allows Members to communicate quickly and effectively with other Members as well as the wider public. Discussion forums and social networking sites enable Members to reach a larger audience than they might otherwise be able to reach and are a way for

¹⁶ Members carrying out work within the UK Geographic Scope should have regard to the FRC’s framework of TAs which sets out some specific requirements in relation to actuarial communication in respect of work deemed to be ‘technical actuarial work’.

Members to share ideas and develop professional working relationships. While the use of social media is therefore encouraged, its many benefits need to be balanced against the risk that it can sometimes pose to a Member's professional reputation if used inappropriately.

8.10 Members can put their professional reputation and membership of the IFoA at risk if they act in a way on social media that is unprofessional or unlawful. This might include (but is not limited to):

- sharing confidential information inappropriately (often there will be legal requirements prohibiting the disclosure of certain personal and sensitive information whether online or otherwise);
- posting inappropriate comments about others (including users and other Members);
- using inappropriate language;
- implicating oneself in unprofessional or unlawful conduct or encouraging others to behave unprofessionally or unlawfully;
- posting comments that are bullying or threatening; and
- posting anything that may be viewed as inappropriately discriminatory or that incites hatred or such discrimination.

8.11 Information shared online can be copied and passed on much more quickly than by any other means and potentially to a much wider audience. Once something is published online it is no longer private. What is more, once shared, information published online can remain in the public domain for a very long time. It is important, therefore, that before posting anything online, Members carefully consider the content of what they are posting and how it might be perceived by others.

Communications in personal life

8.12 Nothing in this Guidance is intended to discourage Members from communicating through social media, however, it is important to remember that even when posting in personal forums, others may be aware that you are a Member of the IFoA and any information you provide or opinions you express may be judged in that light of that. This is particularly true where you identify yourself as being a Member in those forums. It is also worth remembering that the publication of information on social media carries the same obligations as for other types of communications and you therefore need to take care not to engage in any conduct online that threatens your ability to comply with your requirements under the Code or impact on any of your other professional obligations.

8.13 If you are unsure whether something you are considering posting online is appropriate, think about what the impact might be if the information, once shared, is then disseminated widely. Remember that there can be consequences. It is not only the information that you post directly that has the potential to call into question your professionalism; endorsing someone else's point of view in a public post also has the potential to impact on how others perceive you. If in doubt, it is probably safer not to post than to post something you are unsure about and then regret it later.

8.14 When engaging in online discussion, be aware that the views you express may provoke a response; it is important to be open to the opinions of others and to treat others with respect, even if they are disagreeing with your view.

9. Sources of guidance and advice

Professional and Regulatory Support Helpdesk

- 9.1 The IFoA has a confidential Professional and Regulatory Support Helpdesk, to assist Members with professional ethical matters, including conflicts of interest and speaking up. The service is free to all Members.
- 9.2 If Members have any specific issues that they wish to discuss then they can contact the Helpdesk to obtain assistance with any professional or technical actuarial matters. Queries can be submitted through the IFoA's website using the Helpdesk.
- 9.3 The only circumstances in which an enquiring Member's confidence cannot be assured by the Helpdesk is where the IFoA has a legal obligation to report information or where the query submitted to the Helpdesk discloses details of an illegal act.
- 9.4 Depending on the situation, the IFoA's staff may first encourage the enquiring Member to make the disclosure themselves. If that advice is not taken, the IFoA may be required to breach the Member's confidence and make the report itself. A decision to take such a step would be made by the IFoA's senior legal advisor, the General Counsel to the IFoA.

10. Further question and information

- 10.1 The content of this Guidance will be kept under review and for that reason we would be pleased to receive any comments you may wish to offer on it. Please direct any comments to:

Regulatory Policy Team
The Institute and Faculty of Actuaries
1-3 Staple Inn Hall
High Holborn
London
WC1V 7QH

OR

- 10.2 regulation@actuaries.org.uk

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Appendix A, Examples of possible conflicts of interest

Whether a conflict exists will depend on the specific circumstances of the scenario, which might vary significantly between practice areas and countries of work.

Members will need to take account of those specific circumstances, as well as any established practices, in determining whether a conflict exists. The table sets out some practical examples of conflicts of interest that Members may face, with separate lists particularly intended for practitioners working in the areas of insurance and pensions.

This list is not exhaustive and is intended to provide some initial guidance to help Members identify whether or not they are facing a conflict of interest.

Area	Example	Example of Source of Conflict
Applicable to all Members	User versus user or user versus former user	- A duty owed to one user may impact on duty to another. - Confidential information gained from one user may benefit another user. - Knowledge gained from a former, or existing, user may be of advantage to another user.
	Personal or professional values conflict with user objectives	The course of action proposed by the user is at odds with the values of the Member, or the Member's obligations to the IFoA or their employer.
	Personal or family interest	- The Member's advice could personally affect the Member or their family, financially or otherwise. - A Member advising their own employer gives advice, potentially benefitting his/her part of the business.
	Conflict between interests of a user and the interests of the Member's firm	- Advice given by a Member to a user may be sound but unacceptable to the user, and risk jeopardising the relationship between the user and the firm in other areas. - A Member's advice may bring in more fee income for the Member's firm but is of questionable value to the user.
Insurance (Life and General)	Conflict between interests of policyholders and commercial interests of the life office employing the Member	This is likely to be most acute in advising on management of with-profits business; for example, the level of investment risk taken in the fund and the use of the fund's assets to support business development.
	Conflict between solvency of life office and immediate management objectives	A Member's duty to advise on risks to the long-term solvency of a firm may conflict with shorter-term commercial objectives; for example, to maintain dividends or to write new business.
	Conflict between commercial and professional interests	A Member is under pressure from management to suppress claim reserve estimates.
	Conflict arising from being a policyholder	A Member is a policyholder of the insurance company for which he/she works and in a position to influence the premium charged and/or benefits provided.
	Conflict between providing accurate reserve calculations and personal gains	Methodology and assumptions on reserve calculations will affect profit and business value, which may in turn affect the Member's bonuses and long-term incentives.

Area	Example	Example of Source of Conflict
Pensions ¹⁷	Direct conflicts as adviser to trustees and adviser to sponsor	- Trustee interests are likely to be in increasing prudence and funding, but sponsors will often be interested in reducing prudence or reducing funding. - This could occur when advising on whether or not to call for an actuarial valuation in response to a material change in circumstances or when advising on appropriate actuarial factors such as commutation or early-retirement factors.
	Conflicts arising due to client being conflicted	- A finance director who is also a trustee (or a chair of trustees who reports to the finance director) might ask for the Scheme Actuary's advice to the trustees to be favourable to the sponsor. - The trustees do not want to be "difficult" and upset the sponsor.
	Direct conflicts between two connected or unconnected clients	- The Member is acting for two entirely separate clients who (possibly confidentially) become involved in a corporate transaction (either between each other or in connection with a third party). - The Member is a Scheme Actuary for more than one pension scheme of the same employer and there is a proposal to merge the pension schemes or the pension schemes are competing for limited funds from the employer (which may be particularly difficult if the employer covenant becomes weak).
	Conflicts of interest with own employer	A Scheme Actuary is directly employed by the company sponsoring the pension scheme.

¹⁷ See also APS P1: Duties and Responsibilities of Members Undertaking Work In Relation To Pension Schemes.

Appendix B, Sample questions for Members to consider in identifying a conflict

The sample questions shown in this section are just some of the common questions that may help a Member to identify a conflict of interest. Conflicts of interest can be complicated and specific details of individual circumstances will vary and as a result this question list should not be seen as exhaustive.

Identifying conflicts of interest: questions for Members (general)

- 1 Do I or my family have a stake (eg stocks/shares, employment or membership) in the user of the work or in another party with competing interests to those of the user?
- 2 Are there two or more users of my work in the same industry (eg one consideration may be whether there is potential for merger between two users)?
- 3 Are my rewards, or the manner in which I am rewarded, likely to give rise to a perception of conflict (eg bonus or commission)?
- 4 Is there a conflict between the commercial interests of the person who has commissioned the work, and others whose interests may ultimately depend on my advice?

Further questions for pensions actuaries

- 1 What conflicts are inherent to the trustee board?
- 2 Are relations between the trustees and the employer likely to be adversarial?
- 3 Do certain functions reserved to the Scheme Actuary (eg under the trust deed and rules or under legislation) give rise to potential conflicts?
- 4 In what areas requiring actuarial advice are the interests of trustees and the sponsor not aligned?
- 5 Does my firm advise the sponsoring companies in any material capacity?
- 6 In my view, could the trustee board be at risk of being unduly influenced by the sponsoring company's management in some circumstances?
- 7 What conflicts within the trustee board have the potential to impact on my ability (or perceived ability) to give unconstrained advice to the trustee?

Further questions for insurance actuaries (general insurance and life)

- 1 Does any of my work in areas such as pricing, reserving and capital give rise to any inherent conflicts across those different types of work?
- 2 Am I in a position as pricing actuary or underwriter where competitive pressures will compromise my ability to comply fully with TASs and/or the Code?
- 3 Do I or my firm provide an audit service as well as separate advice to the client?
- 4 Do I or my firm provide advice to both a life office and to its With-Profits (WP) Committee (or other independent adviser on WP business)?
- 5 Do I act in the role of WP Actuary as well as providing other commercial advice to my employer or client?

Appendix C, Sample questions for Members to consider in managing a conflict

The sample questions shown in this section are just some of the common questions that may help a Member to manage a conflict of interest. Conflicts of interest can be complicated and specific details of individual circumstances will vary and as a result this question list should not be seen as exhaustive.

Managing conflicts of interest: questions for Members (general)

- 1 If I am responsible for key judgements on a piece of work, what element of peer review and checking exists in relation to my work?
- 2 Does the user rely entirely on my advice in relation to certain actuarial matters or are there other advisers who might be involved in providing advice?
- 3 If the user solely relies on my advice in relation to actuarial matters, does that create any need to manage potential conflicts differently from situations where there are personnel who are able to form their own expert opinion on the results of my work?
- 4 Have I considered how I would manage potential conflicts arising from my having a duty to a different body in the organisation which contracted me to perform the work?
- 5 Would a separation of teams help to manage the conflict in question?
- 6 Is there anything that needs to be agreed with a user at the scoping stage of the work to manage any conflict(s)?
- 7 Should a conflicts management plan be agreed, with the user(s) confirming their consent to the arrangements made to manage conflicts and to any conditions and limitations that are put in place?
- 8 Should any information barriers be put in place within the Member's organisation to avoid actual or perceived conflicts?

Further questions for pensions actuaries

- 1 Is there an independent trustee on the trustee board?
- 2 If the trustees have an appointed investment adviser, what role might that adviser be playing which might be significant in the management of a potential conflict?
- 3 Have the trustees actively considered the Pensions Regulator's conflicts guidance including setting up a conflicts register?
- 4 Does the employer use another firm of actuaries for all or some corporate advice (eg for advice where my firm may be conflicted, such as funding)?

Further questions for insurance actuaries (general insurance and life)

- 1 Does the board have appropriate personnel who are able to judge whether my conclusions around, for example, reserving levels are appropriate?
- 2 As an actuarial employee of a small organisation, on what support can I call to bounce ideas and check approaches/decisions?
- 3 If acting as With-Profits Actuary or similar, will I have appropriate access to independent external advice if I consider this to be necessary?
- 4 Have I followed my organisation's protocols on managing conflicts (examples may be when working on an audit to ensure you have complied with any relevant investment restrictions or any restrictions that apply to performing non-audit work for the same client)?

Appendix D, Issues which may occur to Members who consider speaking up

I may be sued or disciplined for breaches of confidentiality.

There are a number of public interest exceptions to a claim for breach of confidentiality. In general, courts usually favour disclosure in such cases, provided that the disclosure is made to the appropriate body, honestly, and in the public interest.

I only need to speak up where I have a specific duty to do so.

Raising matters of concern with your employer or the appropriate regulatory body is encouraged by the IFoA even where there is no specific duty to do so.

I can only speak up where I am certain of the facts.

It will not always be possible for Members to be 100% certain of the facts and for that reason, especially when raising a concern with their employer, a reasonable suspicion of wrongdoing is generally sufficient. When taking information outside of the organisation there ought to be a reasonable belief in the truth of the information.

I am unsure how to proceed because the confidentiality clause in my employment contract does not contain the exception 'unless relating to your professional duties'.

Even where your employment contract does not include an exemption relating to your professional duties, you are still subject to the professional duties set out in the Code, particularly the requirement that you speak up and challenge non-compliance (amplification 5.1).

I am concerned that I may lose my job or upset an important client if I speak up.

Although legitimate concerns, these possibilities should not dissuade Members from speaking up. It is important to bear in mind that reputable employers and other actuaries expect all Members of the IFoA to report concerns which they have, in accordance with their professional duties.

I think that the regulatory reaction to a disclosure is likely to be disproportionate to the concerns that I have.

Small concerns can often provide clues to much larger problems and so it is essential that a decision on the relative importance of a disclosure is left up to Member's employers, the IFoA, or the appropriate regulator.

Appendix E, Practical questions for Members

Some practical questions which Members might ask themselves both (a) before any situation of concern arises and (b) if and when one does.

Before any problem arises

- 1 Do I know and understand my professional obligations and my rights and responsibilities under the law?
- 2 Do I know whether my firm/employer has a written policy on speaking up or whistleblowing?
- 3 If it does, am I familiar with the policy or policies?
- 4 If I am a manager, does my staff know about the policy?
- 5 If I found myself in a situation where I might have to speak up, am I clear about my obligations and about any protections available under the law?
- 6 Do I know where I can go for further advice?
- 7 Do I understand that the Code is not simply a set of rules and that Members are expected to observe the spirit as well as the letter of the Code in their professional conduct?
- 8 Do I understand what might constitute Misconduct or a material breach of relevant requirements, under amplification 5.2 of the Code?
- 9 Do I understand what constitutes behaviour that is unethical or unlawful, under amplification 5.3 of the Code?
- 10 Do I understand that, while some situations will very clearly require me to speak up, others may be less clear cut, and that nevertheless, it would be prudent to keep a note of all such concerns as a series of actions, each in itself below the reporting threshold, which may in aggregate become serious enough to require external reporting?
- 11 Have I developed a clear picture of the distinction which can be made between actions which are minor, part of work-in-progress, and can potentially be remedied, and actions which are so advanced that remedies are no longer possible, when deciding at what point to progress from raising a concern within my employer and raising it externally?

If a problem does arise

- 1 Do I understand my obligations as a Member and the obligations and protections available to me under the law?
- 2 Have I re-read my firm's speaking up or whistleblowing policy?
- 3 Do I have reasonable grounds for believing my concerns tend to show wrongdoing or malpractice and disclosure of the information is in the public interest?
- 4 Have I raised my concerns at the appropriate level within my organisation?
- 5 If I decide to raise the concern externally, am I clear how, and to whom, I should make the report?
- 6 Am I clear who ought to be informed that I have made the report?
- 7 Do I have reasonable grounds to believe that any disclosure outside the firm to an appropriate third party is substantially true?
- 8 Do I need to/want to look for further sources of advice?
- 9 Have I properly assessed the risks of not reporting this issue?

If, having identified an issue, you decide that it is not necessary to raise the concern, you may find it helpful to note down contemporaneously your reasons for your decision. You may find it helpful to note down:

- the nature of your concern;
- your reason(s) for believing that there is an issue;
- the full name(s) of those involved, including any with whom you have already raised the issue;
- times and dates when your concerns were first aroused;

- details of the location(s) concerned;
- details of any evidence;
- details of any witnesses; and
- whether any action has already been taken by anyone else.

When considering whether to raise a concern outside an employing organisation, Members are advised to first consider, where appropriate, whether they ought to first follow the internal procedures laid down by their employer.

NOT YET IN FORCE

Appendix F, How to make a complaint to the IFoA

If Members decide to proceed with an allegation against another Member, they should complete a referral form and submit this to the Disciplinary Investigation Team, who can be contacted at disciplinary.enquiries@actuaries.org.uk. The referrer should give as much of the following information as possible:

- the name and contact details of the Member or Members concerned;
- details of what, in your view, the Member has done wrong;
- what the impact of the alleged Misconduct has been;
- the dates on which the events allegedly took place;
- whether or not the Member may have been suffering from ill health at the time of the alleged Misconduct;
- copies of any relevant documentation (being careful not to breach confidentiality when doing so); and
- the names and addresses of anyone who could support your concern from their own personal knowledge;
- whether you have raised this matter with the Member or with the Member's employer;
- whether you have raised this matter with any other regulator and if so, what was the outcome.

Disclosures made to the IFoA may not be protected by law. Members are, therefore, advised to consider seeking advice before making a report if that report is likely to result in the disclosure of confidential information. Where it is possible for a Member to protect confidentiality by redacting supporting documents or preserving the anonymity of users, then they ought to do so.

Further information on making a report, including a copy of the referral form, can be found [on the IFoA's website](#).